Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM9.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh16	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bt65
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.900
India	Rs20	Norway	NKr12.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

ANTARCTICA
Mining ban splits treaty nations
Page 6

FT No. 31,432

Friday April 19 1991

D 8523A

World News

Gorbachev fails to secure Japanese aid

Soviet hopes that President Mikhail Gorbachev, on his first trip to Japan, might secure a new source of aid for his ailing economy ended in disappointment despite late-night efforts and no fewer than six summit meetings with Mr Toshiki Kaifu, the Japanese prime minister.

A joint communiqué only committed the two parties to further talks on the territorial dispute over the four Kurile islands, or Northern Territories, which has plagued relations since the Second World War. Page 22

De Klerk initiative

President F.W. de Klerk of South Africa called a two-day summit to begin on May 24 of government and political leaders on ways to end township wars. Page 4

Dissident murdered

An Iranian dissident was stabbed to death outside his Paris home, judicial sources said.

Torture claim

Amnesty International, the human rights group, said hundreds of people had been arbitrarily arrested and scores tortured in Kuwait since Iraq withdrew. Page 4

Soviet rail blockade

A rail blockade backing the southern Soviet republic of Georgia's drive for independence stranded thousands of passengers and dozens of freight trains, Moscow Radio said. Urals strike, Page 2

Antarctic plea

Jacques Cousteau, the oceanographer, asked France to stop building a 1km Antarctic airstrip, saying that damage to the virgin territory could upset the ecological balance of the earth. Antarctica mining ban, Page 6

Mitterrand jeered

Hundreds of Romanian anti-government demonstrators jeered French president François Mitterrand as he arrived at his Bucharest embassy.

Bonn spy sought

German federal prosecutors said they were still looking for a high-ranking spy in the Bonn government.

Defendant dies

Former Greek deputy prime minister Agamemnon Koutsoyorgas, 69, a defendant in a bank scandal trial, died in hospital after suffering a stroke in court last week, a hospital spokesman said. Page 3

Soviet earthquake

An earthquake shook the Soviet central Asian republic of Tajikistan causing fatalities, Tass said.

US lottery record

California set a new US lottery record on Wednesday with a $117.1m jackpot built up by several days of frenzied ticket purchases.

Rock and roll

Former Hungarian rock star Ms Sarolta Zalatnay has founded a Happiness Party to cheer up recession-hit country folk: the most pessimistic people in the world according to a recent poll.

Business Summary

Italy's triple-A debt rating placed at risk

Italy, one of the biggest borrowers in the international capital markets, has had its top triple-A debt rating placed under review for a possible lowering by Moody's Investors Service, the US credit rating agency.

Moody's said a downgrading would affect about $22.2bn of foreign currency debt. Moody's said: "The large Italian deficits have contributed to raising the level of public sector debt to a point that is now slightly higher than gross domestic product . . . and reflects the continuous growth of public expenditure". Page 23

US trade deficit fell sharply in February to a seasonally adjusted $5.3bn, the lowest since September 1983, the Commerce department reported. Page 22

UK unemployment passed 2m in March with the biggest monthly increase on record, unleashing fierce criticism of the government. Page 22

PEUGEOT, France's largest car group which also includes Citroën, announced a 10.1 per cent decline in profits last year. Page 23

SANDOZ, large Swiss chemical and pharmaceutical group, will open all its shares to foreign investors. Page 23

NEDLLOYD, Dutch transport group, posted a net loss for 1990 of Fl 148.2m ($78.4m), down sharply from a net profit of Fl 252.3m in 1989 and at the high end of the company's previously forecast range of Fl 125m to Fl 150m. Page 23

DOW JONES: share prices fluctuated either side of their opening values in directionless but heavy trading in the morning session. By 1.30 pm the Dow Jones Industrial Average was up 2.97 at 3,007.43. Nikkei average fell 181.47 to 26,798.90 on index-linked selling and profit-taking. Markets, Section II

DOLLAR: At the London close the dollar had climbed to DM1.6880 from DM1.6725; to Y136.70 from Y136.35; to SFr1.4415 from SFr1.4270; and to FFr5.7000 from FFr5.6550. Its index rose to 65.1 from 64.6. Currencies, Page 44

TRUSTHOUSE Forte, Britain's biggest hotelier, was hit by the Gulf war and UK recession with pre-tax profits falling 27 per cent, from £260m to £190m ($337m). Page 23

BERLINER Bank lifted earnings 15.7 per cent to DM43.4m ($26m) last year and returned an unchanged divided of 10 per cent. Page 24

DOW Chemical, US chemicals group, posted better-than-expected first-quarter earnings. Page 26

GEORGIA-PACIFIC, largest US paper manufacturer, posted a first-quarter loss. Page 26

TEXTRON, US aerospace and financial services group, reported static profits for the first-quarter of 1991. Page 26

FRENCH tax authorities have launched a belated crackdown on companies which exploited a loophole in investment tax law. The Finance Ministry may impose heavy fines. Page 2

TREUHAND wants to promote more management buy-outs in east Germany. Page 3

MITSUBISHI Electric, a leading Japanese electronics group, and Westinghouse of the US have revised a 70 year-old cross-licensing agreement. Page 25

ANGLO American, South Africa's largest mining house and the world's largest gold producer, announced that 12,500 jobs would be lost at its mines. Page 25

ALBERTA: magnesium smelter with capacity for 12,000 tonnes of metal a year and a cost of nearly C$200m ($173.9m), has been shut only six months after start-up. Page 32

Weekend FT

Tomorrow: Who needs the BBC? The cloudy future of a British institution

●

Food & Wine special: Portugal's distinctive flavour

BSkyB in talks with Brussels on TV picture standard

By Michael Skapinker and Raymond Snoddy

BRITISH Sky Broadcasting could be transmitting channels of higher quality pictures on wide screen television sets before the end of the year if a proposal under discussion by the European Commission is accepted.

The UK satellite broadcaster is discussing the proposal with the Commission to try to find a compromise solution to a potentially serious row over which standard Europe should employ to provide improved television pictures.

A European Community directive requires all satellite broadcasters to use the improved Mac system, but BSkyB avoids this by transmitting from Astra, which is a telecommunications rather than television satellite. It broadcasts in the existing Pal system.

A new directive is being discussed which could impose D2-Mac, one of the Mac systems, on all satellite broadcasters.

The BSkyB compromise proposal is to broadcast simultaneously in both Pal and D2-Mac, but only if the Commission pays the additional cost – more than £5m ($8.95m) a channel a year.

The Commission, strongly backed by both the French and Dutch governments, favours D2-Mac. BSkyB executives feared that until recently the Commission had been on the point of deciding on D2-Mac as the European satellite standard. Pal would then be phased out for satellite use over a 3-7 year period, rendering much existing European satellite reception equipment obsolete.

BSkyB says it is prepared to broadcast first one and then the second of its movie channels in the new wider screen format using D2-Mac. If there was enough demand the sports channel could also be broadcast in the higher definition format.

Agreement by BSkyB, a consortium in which Pearson, the publisher of the Financial Times, has a significant stake, to broadcast in D2-Mac would provide a significant boost to Europe's efforts to create its own advanced television system. The D2-Mac standard was created as a half-way house to European high definition television, which is expected to be introduced in the mid-1990s.

The enhanced standard suffered a serious blow when BSB merged with Sky. BSB had used D-Mac, a British variation of D2-Mac, but the merged organisation made clear it would broadcast in Pal.

EC telecommunications ministers are to meet on June 3 to decide on a new satellite broadcasting directive to succeed the current one, which expires at the end of the year. Mr Filippo Maria Pandolfi, the technology commissioner, has said new legislation should be combined with a consensus approach to resolving the standards issue. Simultaneous D2-Mac and Pal transmission by BSkyB, one of Europe's largest satellite broadcasters, would mean that confrontation could be avoided.

Amstrad, the leading UK supplier of satellite equipment, is due to launch a decoder in August to enable

Continued on Page 22

Iraq talks raise hopes of early deal on Kurd camps

By Our Foreign and Political Staff

THE US military commander in charge of proposed havens for Kurdish refugees in northern Iraq is due to meet Iraqi army officers today, raising hopes that all sides will be able to agree on establishing Kurdish camps as a matter of urgency.

A spokesman for the US European Command in Turkey said Lt-Gen John Shalikashvili would cross into Iraq and meet the Iraqi officers near Zakho at noon.

Yesterday, Iraq and the United Nations agreed on a separate plan to care for Kurdish and other refugees and displaced people in the country through the establishment of UN-run "humanitarian centres" controlled by civilians.

The accord was disclosed in a 21-point memorandum signed by Mr Ahmed Hussein, Baghdad's new foreign minister, and Prince Sadruddin Aga Khan, the official in charge of UN humanitarian aid for the region.

The UN-Iraq agreement conflicts with moves already under way to send US, British, French and now Dutch troops to set up and defend safe havens in Iraq, although western and UN officials hope to reconcile the two proposals.

Mr Richard Cheney, US defence secretary, said the US and its Gulf war allies would turn over control of refugee camps in Iraq to the UN and other international organisations as soon as possible.

Allied military forces were the only ones capable of building the camps and moving the refugees from the mountains, he said. "If we waited around for all the niceties to be resolved – for all the questions to be sorted out – we could be here for two or three months," Mr Cheney said. The Pentagon announced yesterday that Canada and Germany had joined the allied relief effort for the Kurds.

In Britain, Mr Tom King, defence secretary, announced that a brigade of the Royal Marines would form the nucleus of the British forces going to help in the humanitarian effort to help the Kurds.

In a statement to the House of Commons, Mr King said an advance party had left yesterday morning and that other units would leave today.

The plan is for most of the 2,000 or so men from 3 Commando Brigade to be based in Turkey, with units rotating into Iraq. They will include engineering and communications specialists, together with medical staff.

The camps for the Kurds would probably be in the form of tented villages around a central distribution point, with the Kurds organising themselves and the allied forces providing security.

Mr King said the British troops would not allow the camps to become bases for Kurdish guerrillas.

While Tory MPs emphasised the role of Mr John Major, Britain's prime minister, as author of the plan to create havens for the Kurds, Downing Street sought to play down differences between the UK and the US over whose idea it had been.

Britain is also taking the opportunity of the response to the plight of the Kurds to renew its appeal to Iran for help in securing the release of British hostages held in the Lebanon.

Baghdad and UN sign accord, Page 4; UK response, Page 8

Foreign aid: a Kurdish man pleads with a US soldier at a refugee camp at Isikveren on the Turkey/Iraq border

US urges World Bank to boost private lending

By Stephen Fidler, Euromarkets Correspondent, in London

THE US is pressing the World Bank to undertake a strong shift towards lending to the private sector in developing countries and eventually to make loans directly to private companies without government guarantees.

The World Bank presently only lends under government guarantee and a shift away from this would mark a profound change in its policies and be highly controversial.

The US position is that the Bank should develop a strong expertise in the private sector in the 1990s or risk being left without a big role to play in developing countries which are increasingly privatising large parts of the state sector.

The pressure from the US comes as part of talks over a capital increase for the World Bank's private sector affiliate, the International Finance Corporation.

The US has said that it wants to see half the lending of the World Bank group, including the IFC, directed to the private sector by 1995.

A US administration official, who did not want to be named, said: "Ultimately. . .the bank itself might become a lender directly to the private sector". This shift, which would involve a change in the articles of association of the World Bank, could be linked to the next capital increase of the Bank itself, he said. This is due in the mid-1990s.

The IFC – which is able to lend and to make equity investments in private sector companies – wants to double its $1.3bn capital. Britain and Germany, among others, support this. The US wants to limit the capital increase to $750m, and Japan is one of several countries not convinced that a doubling is necessary.

Mr Barber Conable, World Bank group president, is keen to secure a capital increase for the IFC before he steps down in September.

The administration official said: "We like the IFC. We think it's done a good job, but we think it should more private sector oriented and has not done enough in emphasising privatisation." However, the World Bank's response to developing the private sector had not been satisfactory.

The US feels that the Bank should further develop its dialogue with governments over private sector reform, but this should be a process in which the IFC has a say. Among a series of proposals, the US is also looking for a private sector development division to be incorporated in every regional department of the bank.

World Bank officials have argued that they have increased their private sector involvement in recent years, and will increase it further. There is some confusion as to the definition of lending "directed to the private sector". The Bank has long lent to government financial organisations which then themselves lend to the private sector, but it is a policy which has proved disastrous in many countries in the past.

The big controversy will come if the US presses its case for direct lending to the private sector, which will add commercial risks to the current risks taken by the bank. Bank officials fear this could hurt the bank's jealously guarded top AAA credit rating.

Major names outsider as top civil servant in UK Treasury

By Philip Stephens and Peter Marsh

ESTABLISHMENT feathers were ruffled in London yesterday with the announcement that Sir Terence Burns is to replace Sir Peter Middleton as the permanent secretary to the British Treasury.

The appointment, announced by Mr John Major, the British prime minister, was triggered by Sir Peter's decision to switch to the private sector as a deputy chairman of Barclays Bank. The move signals the accession of a relative outsider to perhaps the most important job in Whitehall.

Sir Terence has been in the Treasury since 1980 as the government's chief economic adviser, but became a permanent civil servant only two years ago with his appointment as a second permanent secretary. He now takes a post which formally ranks second to Sir Robin Butler, the cabinet secretary, but in many respects carries equal influence.

The 47-year-old Sir Terence, a down-to-earth northerner who shares Mr Major's passion for soccer, has been closely associated with the government's economic policies since helping to frame the Medium Term Financial Strategy in 1980.

His appointment was pressed by Mr Norman Lamont, chancellor of the exchequer, against the established convention that the job should have gone to a long-serving Whitehall insider. The general expectation within the Treasury was that Sir Peter's replacement would be Mr Nigel Wickes, the senior official responsible for overseas affairs.

Mr Wickes is one of three second permanent secretaries who are essentially deputies to Sir Peter, with the third being Mr Nick Monck, who is responsible for public spending.

Mr Lamont, who has already upset Treasury traditionalists by choosing a relatively junior 30-year-old as his private secretary, insisted that Sir Terence was the best man for the job. That judgment was backed by Mr Major who established a close relationship with Sir Terence during his own chancellorship.

The prime minister had earlier showed his willingness to bypass Whitehall's carefully built promotions ladder when he appointed Mr Gus O'Donnell, a Treasury economist, as his Downing Street press officer.

One minister with close contacts with the Treasury said last night: "There will be plenty of elegant noses put out of joint, but this is the new regime."

Mr John Smith, Labour's shadow chancellor, was told in advance of the promotion because of Sir Terence's long association with the present government.

It is thought that Mr Smith, who has met Sir Terence on several occasions and is known to like him, took the view that the new permanent secretary would accept fully the Whitehall conventions and be happy to serve a Labour chancellor. "He has never advertised any political connection with the

Continued on Page 22
Banker quits NatWest subsidiary, Page 8; Into the deep end, Page 20; Observer, Page 20

CONTENTS

Conservative jitters in Kohl's hinterland

One of Germany's bastions of conservatism, the Rhineland-Palatinate, is wobbling precariously. Can the Social Democrats tip Chancellor Kohl's Christian Democrats from 44 years at the helm?
Page 3

MARKETS

STERLING
New York lunchtime:
$1.7555
London:
$1.772 (1.782)
DM2.99 (2.98)
FFr10.1 (10.0775)
SFr2.555 (2.5425)
Y242.25 (243.0)
£ index 93.0 (92.9)

GOLD
New York: Comex Jun
$360.2 (363.7)
London:
$357.6 (360.75)

N SEA OIL (Argus)
Brent Jun
$19.125 (19.575)

Chief price changes yesterday: Page 23

DOLLAR
New York lunchtime:
DM1.6995
FFr5.7355
SFr1.4535
Y137.5
London:
DM1.688 (1.6725)
FFr5.7 (5.655)
SFr1.4415 (1.427)
Y136.7 (136.35)
$ index 65.1 (64.6)
Tokyo close: Y136.25

US lunchtime rates
Fed Funds 5⅞%
3-mo Treasury Bills:
yield: 5.81%
Long Bond:
96$\frac{22}{32}$
yield: 8.16%

STOCK INDICES
FT-SE 100:
2,538.4 (−6.6)
FT Ordinary:
1,996.4 (−5.0)
FT-A All-Share:
1,228.27 (−0.2%)
New York lunchtime:
DJ Ind. Av.
3,007.43 (+2.97)
S&P Comp
390.42 (−0.03)
Tokyo: Nikkei
26,798.9 (−181.47)

LONDON MONEY
3-month interbank:
closing 11½% (11$\frac{11}{16}$)
Liffe long gilt future:
Jun 94$\frac{3}{32}$ (92$\frac{7}{32}$)

COMPANY NOTICES

EUROPEAN NEWS

States resist Pöhl plan to slim Bundesbank

By David Marsh in Bonn

A SIMMERING dispute over the future of the German Bundesbank flared up yesterday when reform proposals from Mr Karl Otto Pöhl, the central bank president, came under unusual direct attack from two regional Bundesbank board members.

The outcome of the row, which is over Mr Pöhl's wish to slim the bank's unwieldy decision-making apparatus by closing some regional central banks, will have an impact on Germany's policies regarding European monetary union.

The desire of German federal states (Länder) to maintain some influence over domestic monetary policy indicates the scale of political misgivings about eventually giving up currency sovereignty to a European central bank.

Mr Heinrich Schreiner and Mr Norbert Kloten, the presidents of the Rhineland-Palatinate and Baden-Württemberg central banks, criticised Mr Pöhl's plans in separate newspaper articles in what Bundesbank officials said was an increasingly evident spirit of "rebellion" within the ranks of the 18-man policy-making Bundesbank council.

The council decides the main elements of German monetary policy, above all changes in the discount and Lombard rates. It groups 11 regional central bank presidents and seven Frankfurt-based directorate members.

The council has been divided for several months over Mr Pöhl's proposals to cut the number of regional central banks to eight in united Germany from the present 11 in west Germany. The restructuring, requiring new legislation by October, results from unification with east Germany.

Increasing the uncertainty, Bonn has so far failed to decide whether to support Mr Pöhl's streamlining plans or to support Länder proposals to set up five new central banks for the east German states.

A government official said Mr Kohl would have to make a decision, after talks with Mr Theo Waigel, the finance minister, in the next four or five weeks. "This is a considerable problem – there is a conflict between the Bundesbank and the Bundesrat (the upper house of parliament representing the federal states)," the official said.

Mr Schreiner, the president of the Rhineland-Palatinate's central bank, suggested in an article in the economic daily Handelsblatt that the smaller central bank council favoured by Mr Pöhl and other directorate members would increase the Bundesbank's susceptibility to political pressure.

Mr Schreiner, who, like all regional central bank chiefs, is a political appointee of the Land government, complained about Mr Pöhl's domination of the media image of the Bundesbank. "It is good to have a spokesman who is an effective media performer, but the media give the opportunity of exercising power, and this should be controlled," he said.

Urals metal workers in strike to back miners

By Leyla Boulton in Moscow

METAL workers in the Urals industrial city of Sverdlovsk stopped work yesterday in a two-hour strike to show solidarity with demands of striking coal miners.

The Sverdlovsk protest, affecting 46 big enterprises in the former power base of Mr Boris Yeltsin, was the first of a series of solidarity strikes planned outside the mining sector.

The action came as Russian leaders held talks with miners' representatives to discuss ways of transferring their centrally-run mines to the jurisdiction of the Russian Federation.

Mr Yuri Skokov, the deputy Russian prime minister, told parliament after the talks that this was a key condition for ending the miners' strike in Russia. The miners have a series of other economic and political demands, including round-table talks as a prelude to the formation of an all-union coalition government. Their demands are shared by many of the miners still on strike in the Ukrainian Donbas.

Mr Skokov said the all-union Coal Ministry, the mines' current master, had opposed his proposal to turn them over to Russian jurisdiction as joint stock companies.

The miners see a defection to republican control as an opportunity to market more of their output independently. The Raspadskaya mine, the largest in the country, returned to work yesterday after it was switched to Russian jurisdiction.

In the latest example of the dramatic knock-on effects of the coal strike, a metal works in the Urals, at Nizhny Tagil, the sole supplier of some essential inputs for the engineering industry, has been forced to close four of its six furnaces.

● Mr Valentin Pavlov, the Soviet prime minister, yesterday met leading radical economists, including Mr Nikolai Petrakov and Mr Grigory Yavlinsky, to hear criticism of his anti-crisis programme.

Soviet miners, on strike for seven weeks, attend a demonstration in central Kiev yesterday

Leading French companies face tax crackdown

By William Dawkins in Paris

FRENCH TAX authorities have launched a belated crackdown on companies which exploited a loophole in investment tax law, government officials said yesterday.

The Finance Ministry is considering heavy fines, thought to exceed FFr1bn (£100m), against "several dozen" leading companies accused of setting up investment funds with the sole purpose of generating tax credits on dividend payments.

Mr Michel Charasse, the budget minister, told the national assembly this week that an inquiry was under way, though he gave no precise figures or names in answer to a parliamentary question.

He did not deny French press reports that the tax directorate had sent a FFr600m demand for unpaid tax, relating to the 1987 fiscal year, to 157 companies and was negotiating substantial fines on top of that figure.

The inquiry comes at a potentially helpful moment for the government, which is looking around for new measures to hold the line on a budget deficit now in danger of growing because of the drop in tax revenues caused by the recession.

Mr Michel Rocard, the prime minister, has recently suffered a parliamentary setback and there is increasing speculation that a government reshuffle may be in the offing. His colleagues are looking for ways to pass the buck on unpopular spending cuts. Clearly, they would all welcome a corporate tax revenue windfall.

The Association Française des Banques is attempting to negotiate a reduction in the likely fines on behalf of its members, some of which set up investment funds to help corporate clients minimise their tax bills.

The government closed the loophole in question in 1989, but it was not until recently that the tax directorate took action against companies that had made use of it before then.

It is an example of several grey areas that still exist in France's surprisingly flexible tax laws, said Mr Patrick de Freminet, director of tax affairs for Paribas, which has not made use of this loophole.

"In French tax law there are some things which, although not forbidden, are... in any case not advisable," he explained.

Brussels' biotech strategy draws cross-fire

By Andrew Hill in Strasbourg

A NEW European Community strategy for the biotechnology industry was attacked by both environmental groups and chemical companies yesterday.

Unveiling a policy paper in Strasbourg, the European Commission promised to limit the regulatory burden on Europe's biotechnology industry and to set up a committee to tackle the ethical problems of genetic, environmental and human embryo research. But the paper has not laid to rest controversy about the risks involved in developing biological techniques for use in agrochemical, pharmaceutical and food industries.

The European Chemical Industry Federation (Cefic), said the Commission could still discriminate against biotechnology products by subjecting them to an extra level of testing and regulation, irrespective of the type of product – a safeguard demanded by environmentalists.

Green party members of the European Parliament said the paper should be withdrawn on the grounds that it offered inadequate protection for the environment and human health. "It's as though the biotech industry had given the Commission its wish-list, and the Commission turned it into their basic position paper," said MEP Ms Hiltrud Breyer.

The strategy paper is itself a product of fierce internal debate in the Commission, between departments responsible for environment, research, agriculture and the internal market. It follows hard on the heels of the strategy for the ailing information technology industry. Both sectors fall under the EC's new industrial policy, which aims to stimulate investment, but requires the companies themselves to come up with the cash.

European biotechnology companies are prospering, but Brussels wants to streamline product authorisation procedures, harmonise standards and ensure patent protection for EC biotechnology products to lure investment back from the US industry.

Mr Martin Bangemann, internal market and industry commissioner, said that in exceptional cases where controversy arose over social or economic effects of a product – for example, the economic effect of a genetically-engineered hormone to stimulate milk production – the Commission might have to take a political decision on it. But this would not take the form of another layer of regulation.

Brittan takes aim at energy monopolies

By David Buchan in Brussels

SIR LEON BRITTAN, the EC competition commissioner, warned yesterday of further moves to break up monopolies in the electricity and gas market.

In a speech to the Institute of Civil Engineers in London, he said Brussels was increasingly sceptical of government arguments that energy monopolies were necessary to maintain security of supply.

The Commission's new yardstick, he said, was that governments should be allowed to reserve no more than 20 per cent of their electricity production for domestic primary energy producers on the grounds of security of supply. In time this proportion should come down to 15 per cent.

Brussels has recently moved to break up cross-border trading monopolies in electricity and gas, and the European Court of Justice has backed Commission legal action against state monopolies.

Sir Leon suggested that next in the firing line might be organisations which had concluded long-term exclusive energy supply accords that foreclosed markets to other companies, or which abused their dominant market position by denying others access to their networks or grids, or by setting uncompetitive prices.

Leadership change improves poll chances of Icelandic opposition

By Robert Taylor in Stockholm

AN UNEXPECTED change in the leadership of Iceland's main conservative opposition party has improved its chances of toppling the centre-left coalition government in this weekend's general election.

The Independence party should win about 40 per cent of the vote, compared with 27 per cent four years ago, according to a recent opinion poll. With the existing coalition split over EC membership, Independence is should be able to form a government with the pro-European Social Democrats.

Just over a month ago, Mr David Oddsson, Reykjavik's colourful mayor, successfully challenged former Prime Minister Thorstein Palsson for the leadership of the party at its annual conference.

Mr Oddsson, a writer and radio comedian, is more than Mr Palsson, who fell out with his colleagues in the coalition he led after the 1987 election and was forced to resign as premier in October 1988.

Independence is promising to cut taxes to stimulate the economy, a message that finds considerable support among the voters. Furthermore, Independence is expected to get most of the 11 per cent share of the votes it lost to a breakaway faction of the party in 1987, which is now facing extinction.

10

The parties in the present coalition have all lost ground, according to opinion surveys.

Another loser looks like being the Women's Movement, which burst upon the political scene four years ago with just over 10 per cent of the vote. This all-woman party with a strong environmentalist position seems set to fall back to around 8-9 per cent support.

The centrist Progressives, main force in the present government, are expected to poll almost as last time, with around 19 per cent support. However, its total opposition to EC membership has reduced its chances of being a part of the next coalition.

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EUROPEAN NEWS

SPD threat to block company tax cut

By David Marsh and David Goodhart in Bonn

MR BJORN ENGHOLM, chairman-designate of the German opposition Social Democrats, yesterday promised that his party would veto government plans for lower company taxes if the SPD won control of the upper house of parliament in Sunday's regional elections.

He also firmly ruled out any question of a "grand coalition" with Chancellor Helmut Kohl's Christian Democrats, saying the SPD was not prepared to act as a "lifebuoy" to help the government weather its problems.

Mr Engholm, due to be confirmed as the new SPD chairman at the Bremen party conference at the end of next month, said he would not support government proposals for a wider international role for the German army.

He rejected as "out of the question" Chancellor Kohl's suggestion that the Bundeswehr might be deployed outside Nato under the auspices of the nine-nation Western European Union (WEU). The government would need some SPD support in the Bundestag (lower house) to change the constitution in order to make this possible.

In an interview before the elections in Rhineland-Palatinate, where the SPD has a good chance of dislodging the ruling Christian Democrats after 44 years of power, Mr Engholm condemned the government's plans to abolish German property taxes in the next few years.

Speaking to the Financial Times and three other European newspapers, he said it was "the greatest madness anyone can think of" to propose ending this tax on companies and high-earners at a time of great economic hardship in east Germany.

A victory in Rhineland-Palatinate would give the SPD a majority in the Bundesrat, the federal council grouping representatives from the federal states. The party would thus have power to block many important laws, including all tax legislation.

Mr Engholm said that if it won Sunday's elections, the SPD would use its power in the upper chamber responsibly.

But he said that the suggested elimination of property taxes – which bring in DM6.3bn (£2.1bn) a year – numbered among "a few central questions where we will allow the government to go to the edge and then say, 'That's the end'."

Mr Engholm's promise of confrontation with the government over taxation comes as hopes of consensus between Mr Kohl and the opposition over rebuilding the economy in east Germany have quickly faded.

The Chancellor has made clear in the past few days that planned talks with the SPD on ways of improving the economic position in the east will be non-binding in character.

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Treuhand gives management buy-outs a boost

By David Goodhart in Bonn

THE TREUHAND wants to promote more management buy-outs in east Germany. They have accounted for only 5 per cent of the 1,261 industrial companies already privatised, according to Mrs Birgit Breuel, the privatisation agency's new president. Foreign sales have accounted for another 5 per cent, with 90 per cent going to west German companies.

Management buy-outs are expected to be a theme when the newly formed Managers Association (East) meets Mrs Breuel next month.

However, she made clear yesterday, at a news conference to open the Berlin-based Treuhand's new Bonn office, that the inadequacies of east German managers were one of the main obstacles to corporate restructuring.

"We have so far received relatively few workable business plans from those companies applying for restructuring money," she said, adding that companies which expected to get money regardless of the quality of their proposals had better think again.

Providing the most detailed breakdown so far of Treuhand sales, Mrs Breuel said that 40 per cent were in the capital goods and motors sector, 30 per cent in food and drink, 17 per cent electronics and scientific instruments and 12 per cent chemicals and rubber.

These sales, together with those of the large retail chains, most newspapers and 200 hotels, had secured half a million jobs, said Mrs Breuel.

For those 7,000-plus companies that remain in Treuhand ownership, the organisation has more 2,000 outstanding offers. Several key assets have been given to the east German states: the Meissen china company and the Leipzig Fair to Saxony, and Carl Zeiss Jena to Thuringia.

Only 333 companies, involving about 90,000 jobs, have been closed by the Treuhand but Mrs Breuel said that fewer closures would be required than originally feared. She also said that "privatisation or restructuring" was a false antithesis and that both would be promoted where appropriate.

About 1,000 of the 8,000 companies which received the original DM30bn in short-term credit guarantees from the Treuhand are no longer in a position to pay back their loans, she said. The Treuhand will continue to pay interest until the end of the year even on credits that can be repaid and will also continue to pay interest on the DM100bn in corporate debts inherited from the old regime.

To balance Mrs Breuel and her new deputy, Mr Hero Brahms, currently finance director of Hoesch, both of whom are considered tough free-marketeers, the Treuhand has also just appointed to the executive Mr Klaus Schucht He is a Social Democrat with good trade union connections who has been spokesman of Ruhrkohle Westfalen, one of Germany's biggest coal companies.

Mr Alexander Koch, the Treuhand personnel boss, has also just negotiated a "social plan" agreement with the leaders of the German union movement. It makes the Treuhand responsible for paying up to DM5,000 per redundant worker where companies themselves cannot pay.

Conservative jitters in Kohl's hinterland

Bonn's 'muddling' could cost the CDU a state election, writes Katharine Campbell

AS IF the federal government in Bonn were not beset by problems enough, one of the country's bastions of conservatism is wobbling precariously.

When voters of the Rhineland-Palatinate go to the polls on Sunday, the Social Democrats are hoping to tip the Christian Democrats (CDU) from 44 years at the helm. Ever since the Land (state) was created after the Second World War, the birthplace of Chancellor Helmut Kohl has been staunchly conservative. Now the incumbents are visibly edgy.

While a recent Land election elsewhere hung on the provision of extra school buses, preoccupations this Sunday are firmly national. Bonn's post-electoral imposition of taxes to finance unification – after Mr Kohl's repeated assurances to the contrary throughout last year – could cost the CDU its previously secure position.

"Our difficulties come directly from Bonn," laments Mr Carl-Ludwig Wagner, the premier. The criticism of his own party leaders is aimed not just at the failure to allow for the possibility of extraordinary measures in the first place, but also at the "muddle in high places" when the tax increases were announced in February.

Neither Mr Wagner nor his voters doubt the need for higher taxes. But at one campaign rally after another comes the awkward question: can I trust my party? The CDU, unsettled by the recently-formed red-green coalition in neighbouring Hesse, worries that too many voters will stay at home.

Mr Wagner's embarrassment is compounded by having to vote today in the upper house's (Bundesrat) ratification of the new tax law. While attempting a mild amendment to appease the rural Land's many commuters (who drive long distances to industrial centres and to Bonn and will have to pay higher petrol taxes), the debate can but rub salt in the wound.

To make matters worse, the CDU has two candidates. Springing from intra-party warfare in 1988 that deposed the popular premier Mr Bernhard Vogel Mr Hans-Otto Wilhelm, cast as king-maker in the whole episode, will take over from Mr Wagner at the end of 1992. Mr Wilhelm, a young 50 and dubbed over-ambitious by some, contrasts with the avuncular Mr Wagner, who tries to present the double ticket as preferable to a secret deal emerging mid-term.

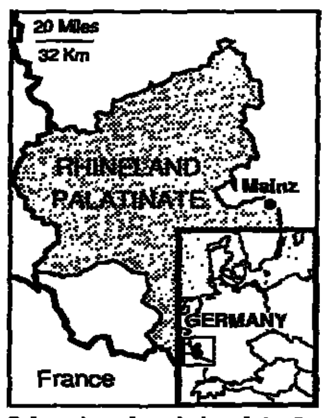
Meanwhile, the Social Democratic (SPD) candidate Mr Rudolf Scharping is basking in the CDU's dramatic decline. "One doesn't vote for people who lie like that," shout the party placards.

Mr Scharping, whose wooden manner can make him appear arrogant, is credited with galvanising the Land's previously dejected SPD. His cabinet, were he able to form a government, would consist of "competent rather than prominent people" with a sprinkling of non-politicians, notably a banker and businessman.

Overshadowed though they are by national issues, there are still some pressing regional issues at stake. In parts a rather sleepy, if scenic place, the Rhineland-Palatinate has under way an image campaign with the less than promising slogan: "The Rhineland-Palatinate is more diverse than one thinks."

High among the issues preoccupying the Land, once dubbed the aircraft carrier of Germany, is social dislocation arising from the withdrawal of US troops. The Pentagon employs nearly 25,000 German civilians, and will be leaving behind vast tracts of, in places, heavily-polluted land. Mr Scharping, once a bitter critic of the American presence, is left promising to woo new US companies to the Americanised shell-towns.

Meanwhile, the chancellor has made no less than 14 appearances for the campaign. ("It won't help," says Mr



Scharping lugubriously). In Worms last week, just 10km from Mr Kohl's home and where he is often seen at Sunday service in the historic cathedral, even a thunderously loud public address system could not quite drown the catcalls from the normally placid home of Liebfraumilch wine. His message: the SPD, at best reluctant fellow travellers in the unification enterprise, could scarcely afford to criticise now.

Among Mr Kohl's worries is that a defeat on Sunday would lose the Bonn coalition its majority in the Bundesrat.

However, even if the SPD emerges the strongest single party, it may well be unable to form a government, much hanging on the Greens who have five seats in the current parliament but could fail to attain the necessary 5 per cent of the vote.

With the Free Democrats (FDP) pledged to support the CDU if a government can be formed, a poor showing by the Greens could leave Mr Scharping with nothing but enhanced opposition status. Alternatively, with the Greens in, Mr Scharping believes the FDP, his preferred coalition partner, would be forced to negotiate. The tea-leaf readers believe the FDP has just about left the door open.

Mr Koutsogiorgas in court last month

Defendant in Bank of Crete trial dies

By Kerin Hope in Athens

GREECE'S former deputy prime minister, Mr Agamemnon Koutsogiorgas, a defendant in the Bank of Crete embezzlement trial, died in hospital yesterday, eight days after suffering a stroke while questioning a witness.

Mr Koutsogiorgas, who was 69, was accused of accepting a $2m bribe from the bank's owner in 1988 in return for introducing legislation on bank secrecy aimed at blocking a central bank investigation.

The trial, adjourned after Mr Koutsogiorgas' dramatic collapse in the courtroom, can now continue. But without his testimony, it appears increasingly unlikely that Mr Andreas Papandreou, the former prime minister, could be convicted.

Mr Papandreou is also charged with taking bribes in the $200m embezzlement scandal, which helped bring down his Socialist government, but refuses to appear in court.

Mr Koutsogiorgas was Mr Papandreou's family lawyer and his closest political associate during eight years in office. He served in a number of ministries during the years of Socialist government from 1981 to 1989 and had been expected to come up with damaging revelations about corruption during that period.

He did not run for office in the June 1989 election after accusations concerning his role in the bank scandal.

The court hearings will now focus on two other ex-cabinet ministers accused of involvement in the Bank of Crete scandal, but their political significance will be considerably diminished.

Sweden sets date for EC entry application

SWEDEN'S ruling Social Democrats intend to apply this summer for European Community membership without insisting on conditions upholding the country's traditional neutrality, according to government sources, writes Robert Taylor in Stockholm.

Ministers now argue that Sweden should remain free from any existing military alliance but take a full part in the shaping of a common EC foreign and security policy.

They are even ready to wait and see whether the country should become involved in any eventual Community defence union.

Oil well firefighters angered by criticism

By Mark Nicholson in Kuwait City

BLOWOUT teams fighting to cap Kuwait's blazing oil wells said yesterday they were making "tremendous progress" despite still lacking vital equipment and responded angrily to criticism from the Kuwaiti government that they were not working fast enough.

The four US and Canadian teams working in Kuwait's southern al-Ahmedi and Burgan oilfields have capped 45 wells to date, including at least 14 of the more than 500 which were ignited by the Iraqis, and say they are capping at a rate of between three and five wells a day.

Mr Joe Bowden, president of Wild Wells Control, which has capped 27 wells, said: "You'll see tremendous progress now. The pace will pick up tremendously in the next few weeks."

The two other Texan-based blowout specialists, Boots and Coots and Red Adair Company, have capped 12 and six wells respectively, while Safety Boss, the Calgary-based Canadian group, yesterday began work on its first two wells.

Mr Larry Flak of OGS, the group co-ordinating the capping operation, said yesterday the teams were working as fast as they could given that they still lacked much of the heavy machinery necessary to tackle the largest fires.

"We're risking men's lives to put out these wells, and we couldn't work faster if we wanted to," he said.

Although more equipment arrives daily on board US air force Galaxy C5 transporters, Mr Flak said the blowout teams were short of "damn near everything" and criticised the Kuwait authorities for having been slow to sign contracts to import equipment to meet the companies' needs.

He said all four teams required more heavy earth movers, cranes, hydraulic excavators, jet cutters and jack-hammers – mostly to deal with badly damaged wells which have accumulated large deposits of burning coke around the head which must be cleared before the well fire can be attacked.

Some of the teams have resorted to cannibalising some of the innumerable trucks and other vehicles wrecked by the Iraqis and which litter the oil centre of al-Ahmedi. "Money could have saved a lot of this," said Mr Flak.

"The Kuwaitis are the problem," he said. "Not the ones here, but the Kuwaitis in London and elsewhere who control the purse strings. It's the guys sitting in their little air-conditioned palaces outside that are causing the headaches."

All four blowout teams were stung by remarks last weekend by Dr Rasheed al-Almeeri, the Kuwait oil minister, that they could not cope with the oil well crisis alone and that he was therefore tendering for help from European and other oil and construction companies.

"We really resent the oil minister's comments," said Mr Flak. "We think we're making excellent progress with little support."

The four teams are also handicapped by lack of water at the fire sites. A giant lagoon built in the oil field is being fed by water tankers and work is proceeding to pump water back to the wells through the oil gathering pipe network running to the oil terminals. However, the blowout teams say there is enough water so far only to deal with the smaller fires.

US seeks to block escape route from peace process

Hugh Carnegy in Jerusalem and **Tony Walker** in Cairo report on another round of Mideast diplomacy

Mr James Baker, the US secretary of state, opens his third round of shuttle diplomacy in less than six weeks in Jerusalem today, hoping to convert into reality vague agreements from Israel and its Arab adversaries to hold a peace conference.

Mr Baker clearly feels that his best chance of exploiting the "window of opportunity" he believes was opened by the victory of the US alliance in the Gulf war is to generate a momentum which carries along all the parties and allows as little room as possible for any one to wriggle out.

But will it work? There is still deep scepticism on both the Arab and the Israeli sides, where examples of past failed attempts by US secretaries of state, from William Rogers to George Shultz, are frequently cited. Both sides continue to demand that the burden of concessions must fall on the other.

Arabs express exasperation and anger over the policies of Mr Yitzhak Shamir's hardline Israeli government – especially recent provocative moves to expand Jewish settlement of the occupied territories. "Unless the United States is prepared to pressure Israel, there is no hope," says Mr Mahmoud Riad, a former secretary general of the Arab League. From Israel's point of view, it is Arab states such as Syria and Saudi Arabia that must give first, by formally recognising Israel.

"All they have to give is words. We have to give quality assets, the territory, so people are suspicious," says Mr Arye Na'or, a former cabinet secretary to ex-prime minister Menachem Begin.

Against this familiar background of mutual suspicion, Mr Baker is promoting the idea of a regional conference, under US/Soviet auspices, as a symbolic opening to a series of substantive bilateral negotiations between Israel and Arab countries. Parallel talks would take place to deal with the Palestinian issue.

Israel, happy that the US has adopted the "two track" approach to bilateral relations and the Palestinian problem it always favoured, has accepted this formula – with the important caveat that no disputes in the bilateral negotiations could be referred back to the full conference where it fears an Arab majority.

Saudi Arabia and Egypt, the most pro-Western of the Arab states, are prepared to go along with the regional conference proposal. Syria, the more radical Arab states, and the Palestine Liberation Organisation have not shut the door. But none are enthusiastic. They want the EC involved – which Israel does not – and they want the full conference to have powers to ensure the implementation of decisions taken. Above all, they want the UN to be involved and the conference to be held on the basis of UN resolutions 242 and 338.

The resolutions call for Israeli withdrawal from occupied Arab lands, matched by a guarantee of security for all states. This is the basis for the "land for peace" formula now demanded of Israel by the Arabs, the US and most of the international community.

Ironically, when resolution 242 was originally passed in 1967 Syria and the PLO objected, while Israel accepted. Now Israel's position has shifted to the extent that it will not accept 242 and 338 as dictating a "land for peace" settlement to any peace conference.

Mr Shamir is prepared to offer Palestinian autonomy in the West Bank and Gaza Strip for an interim period, with the prospect of later talks on a final settlement. But so far he has flatly refused to countenance relinquishing Israeli sovereignty over the West Bank and Gaza, and has also said Israel will not give up the Golan Heights to Syria.

Mr Baker also has to deal with the vexed issue of Palestinian representation at any talks. The PLO is highly dubious about the US initiative. It fears the US is seeking to exclude it from the peace process – as Mr Shamir loudly demands. "The US seems to be giving way to the Israeli view completely," said Mr Jamil Hilal, a PLO spokesman at the organisation's headquarters in Tunis.

But it is willing to play along up to a point in the hope that the process may provide a pretext for the organisation to escape from the isolation caused by its support for Iraq in the Gulf crisis.

Mr Baker is working on forming a Palestinian delegation from the West Bank and Gaza where senior figures show signs of near desperation for any talks which offer at least some chance of relief from Israel's unrelenting oppression. Both local Palestinians and the PLO in Tunis agree that, while a local delegation would not overtly carry a PLO label, it must clearly have a mandate from Tunis. "We want to make Mr Baker realise the address is Tunis," said Mr Hilal.

The US secretary of state is almost certainly ready to go along with this. But, again, Mr Shamir has made repeated statements that any Palestinian delegation which claimed to represent the PLO would be unacceptable to Israel. So far, Mr Baker has sought to sidestep such potential landmines in the interests of keeping the momentum going.

On his latest shuttle trip, which will include Jordan for the first time, he is likely to encounter a stiffer reaction on such issues from the Arab side, which sees them as "confidence-destroying" steps, not the confidence-building Mr Baker has called for.

There is no doubt Mr Baker is playing against the odds. But there is also no doubt that he and President Bush, with the Gulf war and a wealth of previous experience behind them, command a good deal of respect from all parties. It may just be that reluctance to say "no" to them can be exploited by Mr Baker to keep the window of opportunity open.

Japanese money growth slows

By Stefan Wagstyl in Tokyo

JAPAN'S money supply rose by just 4.9 per cent in March compared with the same month last year, the lowest monthly rate of increase on record.

The decline in growth, from a peak of 13 per cent less than a year ago, highlights the fierceness of the Bank of Japan's determination to squeeze excess money out of the economy. In the first three months of 1991, the money supply has shrunk by 1.2 per cent, on an annualised basis.

Mr Yasushi Mieno, the central bank governor, insists that he will keep his grip on credit for at least the time being – despite hopes among investors of an imminent cut in the Official Discount Rate. In a speech on Wednesday, Mr Mieno said that there had been a slight slowdown in the economy. "But that is only natural and even desirable in consideration of the past tight monetary policy."

Mr Russell Jones, an economist at UBS Phillips & Drew, the securities company, says that the central bank could cut interest rates with little fear of inflation. But other factors, including the recent weakness of the yen against the US dollar, might give Mr Mieno pause for thought.

Aside from the exchange rate, the central bank is concerned about upward pressure on wages from labour shortages, consumer price inflation and a possible resurgence in speculative investment in land if interest rates are cut too soon.

EC settles for support role in next stage of Arab-Israeli talks

By David Gardner in Luxembourg

THE European Community has restrained its ambition to test its new-found confidence in foreign policy on the issue of Arab-Israeli peace talks.

After meeting Mr James Baker, the US secretary of state, in Luxembourg late on Wednesday, EC foreign ministers settled – at least temporarily – for an undefined "association" with the process.

They went into the meeting determined to secure full "co-sponsorship" of Washington's regional formula, with a seat at the table alongside the US and the Soviet Union.

What Wednesday's talks – the third high-level US-EC encounter in the past week – made clear was that the peace process was not sufficiently advanced or secure enough for Washington to override Israeli objections to closer European involvement.

This was not a climb-down, officials from the pragmatic Luxembourg presidency of the EC underlined, but an act of prudence. Mr Baker had made clear, to his EC colleagues and publicly, that he wanted Europe aboard.

But Israel, which has accepted in principle the US plan for face-to-face talks with the Arabs, remains wary of the EC because of the Community's long-standing call for a UN-sponsored peace conference which would include the Palestinians.

Mr Baker said after the meeting that his primary objective was "to establish a process that has some reasonable chance of success and of being begun in the first place". But he added that "we have made it very clear to Israel that Europe can contribute to this process and should be involved".

The added value the EC believes it can provide is two-fold. It can provide "something of an umbrella", as one EC diplomat expressed it, for Syria and the Palestine Liberation Organisation. They are insisting on a UN-backed conference centred on the "land-for-peace" formula contained in Security Council resolutions 242 and 338, requiring Israel to withdraw from the occupied territories in exchange for a settlement.

"If you have four permanent members of the Security Council present," said one diplomat, "the substance of what took place at the regional conference would be under these resolutions".

Second, and longer term, the EC believes it has a significant contribution to make to economic development in the region.

The EC is in no sense relinquishing its aim to raise its political involvement to the level of its economic commitment. But having provided leadership sufficient to jolt the US into action on providing aid plus security to the Kurds, it is confident and prudent enough to let the US set the pace on regional peace. As one senior EC diplomat remarked, "the US is the only player that can make progress now".

Baghdad and UN sign accord to aid Kurd refugees

By Michael Littlejohns, UN Correspondent, in New York

IRAQ and the United Nations yesterday agreed on a plan to care for Kurdish and other refugees and displaced persons in the country through the establishment of UN-run "humanitarian centres".

The accord, disclosed in a 21-point memorandum signed by Mr Ahmed Hussein, Baghdad's new foreign minister, and Prince Sadruddin Aga Khan, the official in charge of UN humanitarian aid for the region, appeared to create a potential policy conflict between the world body and the main Western powers.

Independently of the UN, US, British and French troops are to be deployed in northern Iraq over Baghdad's objections to feed, shelter and defend the Kurds fearing Iraqi military reprisals.

The agreement reached in Baghdad grew out of an Iraqi offer to discuss the problem with UN officials after the Security Council condemned the repressive measures against Kurds and Shias and called for immediate access to the country for international relief efforts.

Iraq rejected the resolution and reaffirmed that position in the accord, which also stressed its sovereignty and the need for non-interference in Iraqi internal affairs.

However, the government welcomed UN efforts to promote "the voluntary return home" of displaced persons and to take humanitarian measures to avert new outflows of refugees. UN humanitarian centres will be set up wherever needed and be run by international civilian staff, including the Red Cross and Red Crescent, with the help also of the Iraqi Red Crescent Society. As well as providing humanitarian aid, foreign officials will monitor the overall situation.

"Routes of return" will be set up to facilitate safe travel for groups of refugees returning home, under UN protection.

Provision is made for UN aid to be airlifted. Iraqi military and government officials are committed to facilitate the safe passage of emergency relief throughout the country.

The government undertakes to help establish UN sub-offices to back-up the main centres and other programmes in Iraqi towns, all with the aim of encouraging the voluntary return of "internally and externally displaced" persons.

To help cover operational costs inside the country, Baghdad will provide cash in local currency.

Prince Sadruddin and Mr Eric Suy, a senior Belgian official who also represented the UN in the Baghdad talks, are to report to Mr Javier Pérez de Cuellar, the UN secretary general, in Paris today, officials said. In a statement, Mr Pérez de Cuellar welcomed the outcome of the negotiations which he said would enable the world body to provide desperately-needed aid "in all parts of Iraq".

A little girl cradles several loaves of bread as she watches the slow queue of Kurdish refugees waiting for the distribution of food at a camp near Silopi in south east Turkey not far from the Iraqi border

Amnesty urges end to Kuwait killing

By Victor Mallet

AMNESTY International has called on Sheikh Jaber al-Sabah, the reclusive Emir of Kuwait, to intervene personally to put a stop to arbitrary killings, arrests and torture in the country since the Iraqi forces were driven out in February.

In a report published today, the London-based human rights group said scores of people had been killed and many brutally tortured by the Kuwaiti armed forces and self-styled resistance groups since February 26.

Most of those persecuted by the Kuwaitis have been Palestinians suspected of collaborating with Iraq during its seven-month occupation.

"Victims have been gunned down in public or taken away, tortured and killed in secret," Amnesty said.

The organisation's fact-finding team reported that hundreds had been arrested and many people had apparently disappeared. Detainees said at least seven prisoners had died in custody after torture.

"These violations are continuing and appear to be largely unchecked," Amnesty said.

"Their scale and persistence threaten to leave an indelible stain on Kuwait's human rights record. This is all the more lamentable in the light of hopes that the kind of violations that occurred under the Iraqi occupation would be a thing of the past."

Most of the abuses immediately after the defeat of Iraq were carried out by "resistance" squads, Amnesty said, but armed forces personnel were increasingly cited in later cases.

Torture methods included the use of electric shocks, burning with cigarettes and acid, biting and threats of execution and sexual assault.

Amnesty withdrew allegations that the Iraqis had killed large numbers of premature babies by removing them from incubators, because of lack of evidence, but it said the overall picture of serious Iraqi human rights abuses during the occupation was correct.

Denmark may veto the lifting of sanctions

By Hilary Barnes in Copenhagen

DANISH opposition parties are set to force Prime Minister Poul Schlueter's centre-right minority government to block a decision by the European Community to lift the remaining trade restrictions on South Africa.

The move is aimed as a snub to South Africa's President F.W. de Klerk, who is due to pay a one-day visit to Denmark on April next week.

Mr Schlueter's minority government of the Conservative and Liberal parties is backed by only 69 MPs in the 179-seat assembly. A coalition of the Social Democratic Party, the Socialist People's Party and the Radicals, a small centre party, with a total of 91 seats, has emerged to block government policy on the embargo issue.

An EC decision to lift the embargo requires unanimity, and hence Denmark can prevent it. Mr Schlueter yesterday described the opposition's position on this issue as "regrettable and stupid". He pointed out in a speech to the British Import Union in Copenhagen that the step proposed by the EC will only state that member countries may lift the embargo – not that they have to.

De Klerk initiative to end violence

By Patti Waldmeir and Michael Holman in Johannesburg

THE South African government is to set up a permanent commission of inquiry into the violence which has left more than 5,000 people dead in the past four years, and will convene a two-day summit of political and other leaders next month to seek a formula for peace.

The moves were announced by President F.W. de Klerk on the eve of his departure for a three-nation European tour and may go some way towards meeting the demands of the African National Congress. The ANC has threatened to boycott talks on a new constitution unless Pretoria takes further steps to halt violence and prevent alleged involvement by the security forces.

Earlier this week, Mr Nelson Mandela the ANC deputy president, rejected planned multi-party talks on violence, but the announcement of a commission of inquiry might persuade him to change his mind.

Mr de Klerk said legislation would be passed to set up a permanent commission of inquiry into politically-inspired violence and intimidation. "The purpose is not to make wild allegations, or to launch a witch-hunt about the past, or to replace the legal process," Mr de Klerk said in a statement.

"We have constantly handled the question of violence with great seriousness... and we must now do something about it," he said.

Iran ends an experiment in politeness towards its unpredictable neighbour

Saddam returns to Tehran's hate list

By Scheherazade Daneshkhu

SADDAM Hussein has changed from a president into a wolf in the Iranian lexicon.

The restrained politeness accorded to the Iraqi leader last year by Iran after he capitulated to Iran's main demands to end the Iran-Iraq war has been all but abandoned, signalling a return to the friction that traditionally characterises relations between the two.

The careful neutrality that Iran nurtured while the American-led coalition was bombing Iraq has turned into scantily-veiled calls for President Saddam Hussein's overthrow. Last month, President Hashemi-Rafsanjani called on the Iraqi leadership to "submit to the will of the people".

Tehran has diverted its attention from calls on the multinational forces to withdraw and allow countries of the regions to solve their own problems, to increasingly identifying President Saddam as the root of these problems.

Ayatollah Ali Khamenei, Iran's spiritual leader, has called Saddam an incompetent ruler who brought ruin upon himself and his country through his Kuwait adventure, while Ayatollah Mohammad Yazdi, the head of the judiciary, has said that Saddam must be tried as a war criminal.

The shift is a measure of the success of Mr Saddam Hussein's internal security forces in crushing internal unrest, staged mostly by the discontented Shia population in the south and the Sunni Kurds in the north. Iran was careful not to appear too supportive of the Iraqi opposition coalition – which includes the Shia groups – at the beginning of the uprising, but has been sorely disappointed that the chance to remove Mr Saddam is rapidly fading.

For its part, unnerved by the revolts and anxious to blame them on a foreign enemy, Iraq has abandoned its own caution towards Iran, accusing it of fomenting trouble in the south by sending in saboteurs across the border – charges which Iran denies.

However, the Iranian news agency has been giving extensive coverage to the disturbances in Iraq, reporting successes which the Iraqi government claims are exaggerated. Tehran radio has also been keeping a tally of defections from the Iraqi army and the Republican Guard.

A new radio station, the Voice of the Islamic Republic in Iraq, began broadcasting material hostile to President Saddam, from its base in Iran less than four weeks ago. Tehran is also home to the main Shia opposition group, the Supreme Council of the Islamic Republic in Iraq, headed by Ayatollah Mohammad Baqr al-Hakim.

Both countries have accused the other of violating the 1988 ceasefire agreement. In a move ominously reminiscent of the situation before Iraqi troops invaded Iran in September 1980, Iraq sent a letter of protest to Mr Javier Pérez de Cuellar, the UN secretary general, on Sunday, listing Iranian attacks on Iraqi positions on its side of the border.

Iran has also firmly ruled out a return of Iraqi aircraft which flew to Iran during the height of US military operations. This week, Dr Ali Akbar Velayati, Iran's foreign minister, denied that Iran was holding 148 aircraft as Iraq maintained and said it only had 22 – a claim that has mystified Western military analysts, who also support the higher figure.

Mr Hassan Ebrahim Habibi, the Iranian first vice-president, denied last month that Iran was considering holding on to the aircraft as war reparations. "The damage inflicted on Iran during the eight-year war is so huge that a few second-hand and wrecked planes cannot compensate even one thousandth of it," he said.

Taiwan government gives way on points of democratic reform

By Peter Wickenden in Taipei

FACED with a 17,000-strong street demonstration in central Taipei that threatened to become violent and protracted, Taiwan's ruling Kuomintang (Nationalist Party) yesterday gave way to the opposition on crucial points of democratic reform.

The island's Kuomintang-dominated National Assembly is currently meeting to end a state of war that it has maintained against Peking since 1949.

Although it has long since been merely a war of words with the communists who threw them out from the mainland, the Nationalists have kept Taiwan under a form of emergency rule that suspended the constitution and precluded full democracy.

After leading a night-long 10 km march through central Taipei accompanied by an estimated 15,000 riot police, Democratic Progressive Party leaders called off the protest when the Kuomintang agreed to consider revising parts of its proposed amendments to the constitution.

Under the Kuomintang's original plan, the powerful and furtive National Security Council, which oversees intelligence activities, and two other agencies under it that were set up to deal with subversive activities, would retain their present status, outside the control of parliament and under the direct supervision of the president.

The National Security Council was set up originally to counter the communist threat. Opposition politicians say they fear that as the Kuomintang pursues rapprochement with the Chinese communists with a view eventually to reuniting Taiwan with the mainland, these agencies would increasingly become tools for suppressing the outlawed Taiwan independence movement, from which the DPP derives considerable support.

The old mainland cadres are supposed to scrap the emergency war clauses, thus ending their own marathon tenure, and retire by the end of the year.

Under a consensus reached by the two parties in the early hours, the legal status of these three bodies could not be fixed before a completely new locally-elected National Assembly meets to amend the constitution further in 1992.

The present National Assembly is dominated by ancient Kuomintang cadres elected in mainland China when the Nationalists were still in control there more than 40 years ago. Under the continuing state of "war", they have been frozen in office indefinitely. Despite their age they are now being entrusted by the Kuomintang to make initial changes to the constitution, in which the state of war has been enshrined.

The old mainland cadres are supposed to scrap the emergency war clauses, thus ending their own marathon tenure, and retire by the end of the year. A new assembly will then be elected from the people of Taiwan, plus a few from overseas Chinese groups. The Kuomintang yesterday also accepted the DPP's demand that any recalcitrant seniors be forced to step down by the year's end.

AMERICAN NEWS

Bush unveils ambitious strategy for education

By Michael Prowse in Washington

PRESIDENT George Bush yesterday unveiled plans for a national voluntary system of examinations as part of an ambitious strategy for raising the quality of American education.

Mr Bush said his "America 2000 Strategy," which builds on educational goals agreed jointly with state governors in 1989, would create a "new generation of schools" for tomorrow's students while making existing schools "better and more accountable".

The 34-page blueprint devised by Mr Lamar Alexander, the Education Secretary, contains "bold, complex and long-range" reforms that will require change in every American community and home.

The most controversial element is likely to be a voluntary national examination system, called American Achievement Tests, which will lay down requirements in the core subjects of English, mathematics, science, history and geography.

The plan also envisages the creation of a business-financed non-profit organisation – the New American Schools Development Corporation – that would award contracts for the development of non-traditional types of school.

Research and development teams could include companies, universities, think-tanks, management consultants and others. There will be limited federal support for the start-up costs of 535 new-style schools.

New incentives to encourage choice in education are also a main plank of the new strategy. The administration wants states and localities to give parents greater freedom to choose schools. It proposes restructuring federal assistance for disadvantaged pupils so that cash follows students to the school of their choice.

The administration also intends to boost vocational education by encouraging business and labour to devise job-related skill standards and "skill certificates".

Better teacher performance will be sought through higher pay for teachers who achieve high standards, teach core subjects, serve as mentors for new teachers or teach in challenging environments. The administration will seek congressional support for alternative forms of teacher certification.

The proposals for national tests are likely to attract the most vocal opposition. States and localities, which have primary responsibility for education, have jealously guarded their independence in the past. Many Congressmen are opposed to both national testing and measures to boost competition between schools.

Court rules on cable franchise

A FEDERAL judge in Los Angeles ruled that many of the requirements imposed on cable operators by local governments are unconstitutional under the First Amendment, attorneys for Preferred Communications said, Reuter reports from Los Angeles.

The ruling stems from a suit filed Preferred Communications, which alleged the City of Los Angeles violated its right to free speech by prohibiting it from operating a cable television system in the city. Among the requirements struck down by US District Judge Consuelo Marshall was the standard that only one operator be allowed to serve one area of the city.

Judge Marshall also struck down requirements that a would-be cable supplier provide access production facilities, equipment and staff for non-commercial programming purposes, and that an approved franchise be for a set term.

The court upheld the constitutionality of some of the other franchise requirements and awarded Preferred nominal damages, Preferred's counsel said.

It said the city of Los Angeles plans to appeal the ruling back to the Supreme Court, which in 1986 upheld Preferred's right to challenge the municipal franchising process.

Rail strikers ordered back

By Nancy Dunne in Washington

PRESIDENT George Bush yesterday signed emergency legislation ordering 250,000 US rail workers back to work after just one day on the picket lines.

The legislation was whisked through Congress in a day, to forestall a strike which could have left 500,000 workers idle in industries dependent on the railways. The president was woken at 1:39am yesterday to sign the bill. By 7am most of the strikers were back on the job.

The strike came after three years of negotiations on some of the most complex issues ever to come before the National Mediation Board, according to its chairman, Mr Joshua Javits. A presidential emergency board was created in May 1990 to resolve the dispute. It held 219 hearings on health and welfare issues under dispute and issued a set of recommendations which pleased neither unions nor management.

Unions were displeased with board proposals which backed a reduction in the size of train crews, long sought by management. The rail companies were unhappy with the size of the wage increases recommended, averaging about 3-4 per cent a year over the next three years.

The legislation establishes a new emergency board to resolve remaining points of disputes or ambiguities in the previous board's recommendations.

Menem goes on the offensive against corruption

By John Barham in Buenos Aires

PRESIDENT Carlos Menem of Argentina has gone on the offensive against corruption, an issue over which he has recently come under attack in the media.

In a television address on Wednesday evening, Mr Menem announced a crackdown on corruption and drug trafficking. He also dissolved a scandal-ridden provincial government whose own political difficulties were threatening the national government.

Mr Menem said: "There is no doubt that we are facing a very dangerous enemy, an enemy which intends to establish itself in countries like Argentina that have raised the banner against drug-trafficking and all that is associated with it."

Government officials and even members of Mr Menem's extended family are alleged to have been involved in corruption and drug trafficking.

However, he has done little to investigate the accusations.

Mr Menem promised the "investigation, trial and punishment of organised crime" which he said was involved in "drug trafficking, money laundering, smuggling, fraud and tax evasion". The air force is also to co-operate with the US in an aerial survey to locate coca plantations and illegal airstrips.

Mr Menem's political problems are undermining his efforts to control the economy.

Mr Menem could also win support in the crucial gubernatorial and congressional elections in September after replacing the Peronist government of Catamarca, an impoverished northwestern province, with a federal administrator.

Catamarca has become a potent symbol of all that is rotten in Argentina.

Mr Ramón Saadi, the governor, failed to placate protesters who claimed that nepotism, corruption and drug smuggling were rife within the administration.

The suspicious death of a teenage girl last September sparked off weekly anti-government protests. The demonstrators claim the Saadi family, which dominates local politics, protected cronies implicated in her death.

Mining ban splits Antarctica's guardians

Treaty nations differ on how long to protect white continent, writes Leslie Crawford

THE 39 signatories of the Antarctic Treaty System are set to lock horns again over the contentious issue of mining in the white continent when they meet for an environmental conference in Madrid on Monday.

The guardians of the Antarctic have so far failed to draw up a new set of environmental safeguards for the last great wilderness on earth because they cannot agree on whether to ban mining forever or to allow the exploitation of Antarctica's hidden oil and mineral riches sometime in the future.

The debate has been sharpened by the legacy of the Gulf War – 800 oil wells on fire or gushing out of control in Kuwait. Supporters of regulated mining in the Antarctic believe the struggle for control over the world's oil resources will intensify. They argue that the Antarctic Treaty would be planting the seeds of an international crisis if it were to deny the world access to its estimated 45m barrels of oil.

Environmentalists argue with equal conviction that disasters will only be averted from the white continent if mineral exploration is never allowed to take place.

The question has split the Antarctic Treaty nations into two. But after the deadlock that frustrated all progress at a three-week meeting in Chile last November, there are signs that hardliners on both sides are shifting ground.

Britain last month dropped its defence of a defunct minerals convention that sought to regulate mining in Antarctica. Its isolation had become clear at the Chile conference and, in March, Mr Tristan Garel-Jones, the UK foreign office minister, said Britain would propose a mining moratorium in an attempt to forge a consensus at the Madrid meeting.

At the other side of the spectrum, a group led by Australia, France, Belgium and Italy are still – officially, at least – campaigning for an outright prohibition.

"Australia will not support a moratorium because it implies that mining will almost inevitably take place after the prescribed period of time has elapsed," an Australian official said in Canberra this month.

Australia's position appears to leave little room for manoeuvre, let alone negotiations. However, some delegations believe the group led by Australia may agree to discuss a moratorium of 50 years or more.

The quarrelling parties know that failure to reach a compromise solution would strike at the very heart of the Antarctic Treaty System, which has been held as a model of international co-operation since its inception in 1961.

The treaty established the world's first international peace zone and froze all territorial claims. Military installations, nuclear tests and the dumping of radioactive wastes are forbidden. Scientific research promoted by the treaty has helped unravel some of the secrets of the world's climate. The ozone hole was first detected over the Antarctic, and now key work is being done on the "greenhouse effect" of global warming.

Mr Curtis Bohlen, who will be heading the US delegation to Madrid, recently told Congress that "although the parties remain far apart on the minerals issue, there appears to be a universal determination to find a workable compromise in Madrid".

There was broad agreement, he said, on stricter environmental safeguards for scientific work, on the need to regulate tourism and limit the proliferation of research bases on the continent. These number more than 40, and Greenpeace, the environmental pressure group, frequently denounces their lax environmental standards.

If some form of mining moratorium is agreed at the Madrid meeting, the debate will almost inevitably shift to what happens after the ban expires.

Countries such as Australia and New Zealand are expected to campaign strongly for an open-ended moratorium which could only be terminated if all contracting parties agreed. This would establish a de facto permanent ban as any one nation would have the power to veto a mining regime.

Chile, whose position is close to Britain's, will seek to reverse the tables by arguing that an extension to the moratorium should require the approval of all parties.

Greenpeace, the environment pressure group, and Mr Paddy Ashdown, leader of the Liberal Democrats, yesterday accused the British government of secretly supporting a policy which would allow mineral exploration and extraction in Antarctica, writes John Hunt, Environment Correspondent.

Mr Ashdown wrote to Mr John Major, the prime minister, saying he had seen the British proposal which was circulated to other Antarctic treaty parties before their meeting in Madrid next week, but which was not given to MPs. He said the document showed that Britain intended actively to promote a mining regime at the conference.

Greenpeace is pressing for the continent to become an international nature reserve. Lord Melchett, director of Greenpeace, protested that UK policy would mean a moratorium on mining for a fixed term, probably 20 years, to be followed by a minerals agreement.

One of several British bases on Signy Island in the last great wilderness on earth

WORLD TRADE NEWS

David Buchan reports on the EC association accord with Hungary, Poland and Czechoslovakia

Brussels opens its doors to trade with eastern Europe

POLAND, Czechoslovakia and Hungary have put their collective weight against the EC's door, shoved, and won themselves further valuable access to the European Community market.

It now seems certain that these three countries will this year reach a new type of association accord with Brussels, extending to them by the turn of the century the freedom of movement of goods, services, labour and capital in the Community's single market, and an option on full EC membership.

Only a couple of weeks ago, however, the eastern Europeans were fulminating at the Community's hypocrisy in showering them with fine political words empty of economic content. Sensitive to this charge, on Monday EC foreign ministers softened the EC's negotiating stance in several key respects.

● Membership of the EC may now figure in the preamble to the agreements as "an ultimate, though not automatic" goal. EC ministers conceded this, believing the three states are likely to be in a second wave of new members, after some European Free Trade Association (Efta) countries join in the mid-1990s. But this preamble could come back to haunt Brussels, as has the reference to possible membership for Turkey in the 1963 EC-Turkish association agreement.

● The EC has dropped its call for a review half-way through the 10-year period during which trade barriers will be phased out. Hungary, in particular, argued that such a review, giving the EC a chance to go back on its free trade words, would discourage western entrepreneurs wanting firm assurance of an EC outlet for their investments in eastern Europe. But the EC still wants a mid-term review of liberalisation in services, capital and labour.

● The eastern Europeans will get more time to erect tariffs which they will then spend the next 10 years dismantling. With these negotiations coming so relatively soon after the collapse of communism, the eastern Europeans have removed all the non-tariff barriers of central planning without yet replacing them with a transparent tariff system.

Thus, in many cases they are left with markets more open and vulnerable than the EC, contrary to the agreed aim of phasing in free trade so as to benefit the eastern Europeans faster than the EC. A further complication is that a long-standing member of the General Agreement on Tariffs and Trade (Gatt) like Czechoslovakia will need its Gatt partners' agreement to raise its very low "bound" tariffs of 4-5 per cent on average.

Already the US is grumbling that eastern Europe will be making a general increase in its tariffs, followed by a selective reduction only towards the EC. Washington's counter has been to twist the knife in the EC's side by insisting the planned EC-central European free trade area conform with Gatt in covering all aspects of trade, including agriculture.

● Partly as a result of this, EC members overruled Spain in promising extra concessions on farm exports. East Europeans will be probably able to sell more fruit, vegetables, pork, game, rather than mainline items like cereals, beef, lamb, dairy products that will continue to get the full protection of the Common Agricultural Policy.

● Northern EC members overruled Mediterranean objections to giving eastern Europe more on textiles and steel. All textile tariffs will disappear over the 10 year transition period (despite complaints from Portugal and Greece), while steel import duties and quotas will go within five years (against Spain's wishes). But the country most concerned to keep out eastern European (mainly Polish) coal was Germany, which has insisted on a special regime for coal.

● To help the three eastern economies integrate, the EC is now ready to allow regional "cumulation" in its rules of origin. For example, a product exported from Poland but using components from Hungary or Czechoslovakia would not, by virtue of those components, be considered any less "Polish" or less eligible for duty-free entry into the EC.

● The Commission had hoped to open up the EC labour market more, in particular by "communitarising" any immigration quotas granted by individual EC member states to eastern European workers. But Britain, for one, opposed this.

The main EC focus is on promising non-discrimination for those eastern Europeans already legally established in an EC state, rather than letting them move around the Community more easily or letting more come in from outside.

EC TRADE WITH EASTERN EUROPE (Ecu bns)

	Exports to the EC Jan-Sept 1989	Exports to the EC Jan-Sept 1990	Imports from the EC Jan-Sept 1989	Imports from the EC Jan-Sept 1990
Poland	2.83	3.70	2.83	2.85
Czechoslovakia*	1.84	1.95	1.63	1.76
Hungary	1.84	2.10	2.14	2.09

* Full trade accord with EC only in force since 1/11/90. Source: Eurostat

State trade barriers in US anger the EC

EXPORTERS to the US face more and more trade and regulatory hurdles erected at the state, rather than federal level, the European Commission complained yesterday in its annual report on America's trade barriers, writes David Buchan in Brussels.

"We are searching for ways of influencing state legislation," a Commission official said, "but our problem is that our diplomatic contacts are with Washington which tells us how little control it has over individual states".

The EC report stresses that shutting foreigners out of state contracts matters because of the growing proportion of public spending by state governments rather than the deficit-ridden federal government. It says setting by states of fiscal, technical and environmental standards also causes foreigners problems. Brussels claims Washington has refused in the Gatt talks to give a clear undertaking that its states will be bound by an international agreement.

The EC also expresses concern at the tabling last year in Congress of more than 20 bills restricting foreign investment.

Seoul in OECD bid

South Korea is stepping up its efforts to join the Organisation for Economic Co-operation and Development and aims to become a full member of the group of 24 industrialised nations by the mid-1990s, the Economic Planning Board, the top economic ministry, said, writes John Ridding in Seoul.

Once a member South Korea will be expected to comply with the OECD liberalisation code on invisible transactions, which includes all non-commerce trade, and capital movements.

China retail venture

Yaohan International, a Hong Kong-based Japanese retailing and catering group, is to build China's first foreign-owned department store at Pudong, a special economic zone to be developed in Shanghai over the next 20 to 30 years, writes John Elliott in Hong Kong.

It is taking a 51 per cent stake in a HK$780m joint venture with Shanghai's No 1 Department Store to build China's largest shopping centre. Construction starts next year.

Hungary gets 'try harder' nod from Gatt

Report calls for better behaviour from its members in return, writes William Dullforce

HUNGARY still needs to make many changes to become an open economy offering predictable and stable trade conditions, the General Agreement on Tariffs and Trade says.

However, in its first review of an eastern European country's trade policy, Gatt suggests that its members could behave better towards Hungary.

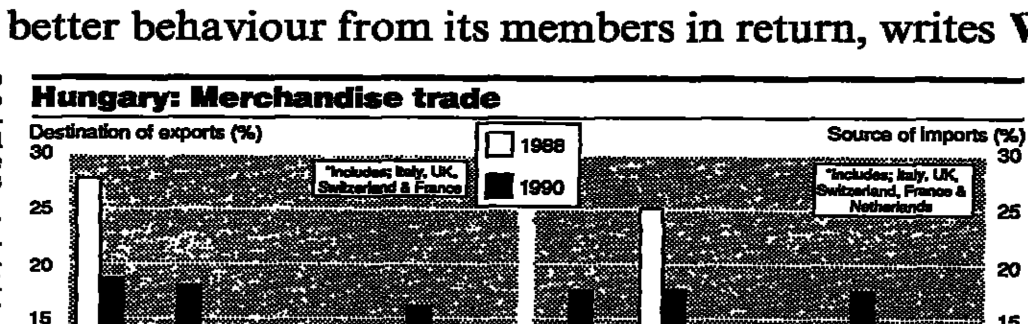
Hungary badly needed more foreign capital and a "supportive external environment" to push through its economic reforms and make its trade regime compatible with that of the west.

Countries with convertible currencies had to lower barriers further to imports of Hungarian farm produce, steel, textiles, clothing and other consumer goods, the Gatt secretariat said in the report presented yesterday in the Gatt council.

Hungarian agricultural exports, in particular, were facing serious difficulties in gaining access to markets in Europe and elsewhere. Not only were they running into trade barriers, they were also being hurt by massive export subsidies, which depress world market prices.

Successive devaluations of the forint, coupled with plummeting demand for Hungarian exports among its former east bloc trading partners, have stimulated exports to the west.

Hungary: Merchandise trade



Source: UNSO, Comtrade, Govt of Hungary

Hungary achieved a record surplus of almost $1bn in trade in convertible currencies last year.

Nevertheless, with debt-servicing obligations that exceeded half the value of its convertible currency exports in 1989, only a further expansion of exports could underpin Hungary's ability to pursue the structural adjustment of its economy, says Gatt.

Gatt it acknowledges that Hungary is becoming "a more attractive place" for Gatt members to do business, but the secretariat remains critical of the pace of reform. Foreign businessmen's confidence could be boosted by swift privatisation and a clearer definition of the future role of state-owned enterprises, it suggests.

State authorities still had wide discretion to introduce trade restrictions; criteria or guidelines for decisions by the authorities were either lacking or remained opaque. Administrative decisions could not be challenged before courts and no independent statutory body carried out a regular review of trade policy.

In response Hungary told the Gatt council that the success of the privatisation process depended to a great extent on the inflow of foreign capital. Under the new constitution state enterprises were guaranteed the right to operate independently and only an overburdened legislative programme had prevented parliament from replacing outdated laws.

Substantial liberalisation of imports appeared to have been achieved, Gatt said, but a wide range of products, including transport and telecommunications equipment, pharmaceuticals and consumer goods were still subject to licensing. Hungary maintained a global quota on imports of consumer goods from market economies.

These import restrictions and relatively high tariffs weakened, if they did not prevent, competition in many areas of the economy. The simple average tariff at 16 per cent was higher than in most developed countries.

The Hungarians say reductions in a large number of products introduced in February have cut the average tariff rate to 13 per cent.

Levies and charges on imports other than tariffs were substantial, Gatt reported. They included a 2 per cent customs clearance fee on imports settled in convertible currency. A new import regime is being prepared for farm products.

Export subsidies to Hungarian farm products totalled about $370m in 1990 and support will continue under the economic reform programme outlined in September. The Hungarians say there are no other subsidies and point out that, as a member of the Cairns group of farm-exporting countries, they have been pressing for worldwide cuts in farm subsidies in the Uruguay Round trade talks.

Currency convertibility was a major concern to foreign traders in doing business with Hungary, Gatt commented. The Hungarians said that, after a further rise in prices this year, strengthened budget discipline and a liberal import policy were expected to slow inflation, stabilise the currency and provide a basis for making the forint convertible in 1994.

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Slump in factory output speeds up

By Peter Marsh, Economics Staff

MANUFACTURING output appears to be falling at a faster rate according to figures released yesterday. This has underlined concern that the recession is some way from reaching a trough.

Officials at the Central Statistical Office (CSO) estimated that seasonally adjusted output by volume fell in February at an annual rate of 9 per cent, as against the 8 per cent seen in both January and in December 1990.

Since manufacturing production reached a peak a year ago, it has declined each month, mirroring Britain's overall economic decline. In November, the CSO's estimate of the year-on-year fall was 6 per cent. In October it was 3 per cent.

Although manufacturing accounts for less than a quarter of overall UK output, activity in this sector is important as many areas including services depend on it.

The reduction in factory output was partly offset by increased production by the energy and water industries, which in the period between December and February saw a spurt in output of 0.3 per cent compared with the previous three months.

This was due mainly to improved output by the North Sea oil sector, sparked by an end to equipment maintenance and increased demand for energy resulting from the February cold snap.

Yesterday's figures will increase interest in next month's release by the government of the manufacturing statistics for March, which could contain some hints of an upturn.

Magic fades but controversy remains as Scotland's first privately financed toll-bridge gets the go-ahead

German company to share contract for Skye bridge

THE WEST German company, Dywidag, in a joint venture with the Edinburgh-based Miller Group, were yesterday nominated as the Scottish Office's preferred contractor to build a bridge across to the Isle of Skye at a cost of £23m, writes James Buxton, Scottish Correspondent.

The controversial project, which will remove some of the magic of going over the sea to Skye, off north-west Scotland, is to be financed by tolls levied for 25 years by a consortium involving the contractors and Bank of America. These will be based on the current one-way ferry charges of £4 for a car, adjusted for inflation.

The bridge will be the first privately-financed toll bridge in Scotland. Trafalgar House is completing a privately-financed toll bridge across the Thames at Dartford and one is to be built by John Laing and GTM Entrepose of France across the Severn.

Impression of the bridge: likely to be the largest of its kind in the northern hemisphere.

Miller Group and Dywidag (whose full name is Dyckerdorff & Widmann) beat Trafalgar House and Morrison Construction for the tender. They are to construct a box-girder bridge made of pre-stressed concrete with a central span of 250m. It will be the largest bridge of its kind in the northern hemisphere.

A company named Skye Bridge Tolls has been formed to oversee the financing, construction and operation of the bridge. Bank of America, which is also involved in the Dartford bridge, will provide finance. Construction is expected to start next April for completion in April 1995.

As well as finalising a contract with the Scottish Office, the start depends on parliament passing the new roads and street works bill which enables projects of this kind to go ahead without a separate act.

Mr James Miller, chairman of Miller Group, said he was confident that the bridge would pay for itself in 25 years - the ferries carry 450,000 vehicles a year.

The project has been surrounded by controversy. Though most of the 9,000 residents of the island believe it will be better than the ferry service operated by the state-owned Caledonian MacBrayne, which is subject to long delays in the summer, they object strongly to having to pay tolls on the new bridge. Opponents of the bridge fear it will irrevocably alter life on Skye.

However the Scottish Office has said that if Skye were to obtain a toll-free bridge in the normal course of the roads programme it would have to wait well into the next century.

Environmentalists have said the bridge would ruin a fine view of the Hebrides and some proposed building a tunnel. The Scottish Office rejected that idea as too costly but the height of the bridge was lowered by 5m to 30m in order to blend better into the scenery.

Export chief backs move to review reinsurance

By Peter Montagnon, World Trade Editor

MR MALCOLM Stephens, head of the Export Credits Guarantee Department, intervened yesterday in the controversy over the government's willingness to reinsure export credits to politically risky developing countries following the partial privatisation of his department later this year.

Defending the decision by Mr Tim Sainsbury, trade minister, to overthrow a parliamentary amendment requiring that such reinsurance be available for three years, he said the government was still making a "significant" commitment to such a facility.

The three-year limit imposed by the amendment was limited in time. The government's alternative proposal to keep the need for political risk cover under continuous review meant that the facility would be available as long as needed with no limit set on the level or duration of the government's commitment, he said.

Mr Stephens also tried to calm exporters' fears that the private market would be unable to provide sufficient general commercial risk reinsurance following the privatisation. The bulk of such reinsurance commitments have already been placed, he said.

In a clear indication that ECGD's tough approach on credit to developing countries was likely to continue, Mr Stephens warned against the "conventional wisdom" that economic resurgence in Latin America meant the debt crisis was over. It was wrong to presume that debt reduction improved a country's creditworthiness to the point where it could borrow again, he said.

Unemployment scales new peaks

Rachel Johnson examines the bleak prospects in the job market

YESTERDAY'S unemployment figures offered more than just milestones in labour market history. With their clear message that unemployment is yet to peak, they provided a strong antidote to loose talk of the recession bottoming out.

First, the milestones. The 113,000 monthly rise in seasonally-adjusted unemployment in March was the biggest since records began 20 years ago; it was the first time the jobless total had passed 2m since December 1988, to reach 2.1m; and the Department of Employment announced the first "significant" drop in service sector employment for nine years.

This corroborates the picture that started to emerge at the start of the recession, which showed the service sector in the south-east worst hit. The latest data also confirms the recession struck quickly.

Employment in the 15m-strong service sector grew by 86,000 in the second quarter of last year. By the fourth quarter, this had turned into an 82,000 fall - even bigger than the 72,000 fall in the manufacturing sector (around 5m employees).

Unemployment is still rising fastest in the south-east. In Northern Ireland - an area which has resisted the national trend of rising unemployment - there was also an unusually big increase in March, as the slowdown in the housing market held up spring recruitment in the construction industry.

After the twelfth consecutive monthly rise in unemployment, however, these disparities seem less important. Unemployment is now rising in all regions and in all parts of the economy.

On the basis of last month's figures alone, it appears that the recession is as deep as the one in 1980-1981. The biggest monthly fall in the last recession was of 109,600, which occurred in November 1980.

Because unemployment data lags behind economic activity by about six months, the question that needs answering now is how much, and how long, unemployment will continue to rise in the light of the government's forecast - which it repeated yesterday - that economic growth is due to return in the second half of this year.

Earnings, unit labour costs and productivity figures published yesterday did not offer signs of the recession lifting or of a slowing in the unemployment rate, which rose to 7.4 per cent of the workforce from 7 per cent in February.

Average earnings across the whole economy eased a little, by a quarter of a percentage point, to produce an underlying increase of 9¼ per cent in the year to February.

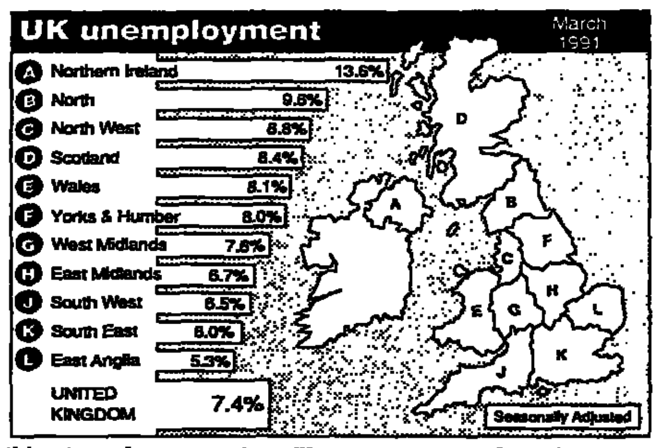
Government officials said it would be misleading to read too much into these falls. Lower wage settlements were exerting less of an influence than the decline in bonus payments and overtime hours worked as a result of the recession.

The recession has also depressed production to such an extent that wage and salary costs per unit of output have risen to their highest level for a decade - 11.6 per cent in the three months to February.

If the last recession is anything to go by, companies will accelerate labour shedding in order to keep down wage costs and factory gate prices, he says. This week's producer-price data has suggested that companies are resisting cutting factory gate prices in order to stay in business - so the redundancy rate is likely to rise.

The bleak labour market figures have set back hopes for a recovery roused by the recent cuts in interest rates.

The Treasury said the rise in unemployment was "very regrettable." But it pointed out that the rise did not necessarily mean that the recession was "still deepening". With one set of figures, talk of bottoming out as been overtaken by concern that the recession has not yet touched its trough.



Tory energy policy criticised

By Juliet Sychrava

THE GOVERNMENT'S energy policy is fiercely criticised in a report on energy efficiency published by the House of Commons energy committee today.

The strongly-worded report condemns the energy secretary's view that energy efficiency can be left to market forces, and urges the government to set out a comprehensive and vigorous efficiency policy.

Among the report's key recommendations are:

- Early publication of plans for a carbon or energy tax.
- A tax on fuel or vehicles and a scheme to minimise private transport and improve public transport. The committee was "particularly disturbed" by the government's lack of clear objectives in this sector.
- Speedy introduction of tighter building regulations and a national energy labelling scheme for buildings. The government should "accelerate its somewhat relaxed timetable", the report says.
- Obligatory introduction of trained energy managers at local authorities or large companies.
- Intensive publicity for high-efficiency lighting and the energy labelling of home appliances.
- Reform of the regulations governing the electricity and gas industry to remove disincentives for promoting energy efficiency.

The report said that EC targets, due shortly, for cutting carbon dioxide (CO_2) emissions would give the UK an important goal, since cutting energy consumption was one important way of reducing CO_2.

It said the government had failed to assess the cost-effectiveness of different energy efficiency measures.

Dismissing the energy secretary's objection that cost-effectiveness was an inaccurate science, the committee insisted that there was no alternative.

The modest government estimates for the contribution energy efficiency measures could make to CO_2 reductions suggested that the government was willing to let large potential savings remain unrealised.

The government must intervene to promote energy efficiency. More importantly, the government should not impose costs on the economy in pursuit of CO_2 emission reductions unless it had fully explored energy efficiency alternatives." This would rule out investment in nuclear power to reduce CO_2 while options such as home insulation were neglected.

Mr Simon Roberts, of Friends of the Earth, the conservation group, said yesterday: "There were 27 explicit criticisms of the government, and 20 implicit criticisms. The government will not be able to dodge this report."

King pledges rapid action to safeguard Kurds

By Ivor Owen

MR TOM King, the defence secretary, told the House of Commons yesterday that Britain was determined to act with the utmost speed to get the Kurdish refugees to safe havens in northern Iraq.

Replying to claims by opposition Labour MPs who warned that the commitment of British troops might prove no more "temporary" than the prolonged military presence in Northern Ireland, Mr King said that the humanitarian considerations were overwhelming.

He acknowledged, however, that "it would have been much safer to stay out of this altogether".

Mr King, who revealed that some helicopter crews who had served in the Gulf war had returned early from leave to assist the Kurdish refugees, said it was imperative to rescue them from the appalling climatic conditions on the mountains on the Iraq-Turkish border.

The initial purpose was to give those close to the end of their lives a chance to survive in the safe havens being created as a result of the initiative by Mr John Major, the prime minister.

Mr King warned "There is no guarantee yet it will succeed".

He assured MPs that the British forces protecting the Kurds in the camps to be established for them in northern Iraq would be able to defend themselves against any attack by the forces of President Saddam Hussein.

He also warned that any interference with the aid effort would be "very severely dealt with indeed".

The disclosure, meanwhile, by Mr David Mellor, chief secretary to the Treasury, that contributions from other nations would largely cover the £2.5bn cost of Britain's participation in the Gulf war fuelled further criticism from Labour MPs that more resources should have been devoted to relieving the plight of the Kurds.

He said cash contributions made or promised by other governments, including the most recent $1bn pledged by Saudi Arabia, totalled £2bn.

Banker quits top post at troubled arm of NatWest

By Richard Waters

THE sudden and unexpected resignation was announced yesterday of Mr Howard Macdonald, the chairman and chief executive of NatWest Investment Bank, the troubled subsidiary of National Westminster Bank.

The departure of Mr Macdonald, one of the City's best-paid bankers last year, comes in the wake of a warning from Lord Alexander, the NatWest chairman, that the investment bank has two years to return a profit on its securities business or face closure.

NatWest fought yesterday to depict Mr Macdonald's resignation as a natural progression in the development of NWIB. However, coming after only two years, it marks a further severe blow to the senior management of the bank.

Formed to take advantage of the City's Big Bang reforms in 1986, NatWest lost its first chairman and chief executive, Mr Charles Villiers and Mr J Cohen, after big losses experienced in 1987. Both currently face criminal charges over the Blue Arrow affair.

Their successor, Mr Terry Green, a NatWest director, who ran the investment bank for a year, was later forced to resign


Macdonald: a loss to NatWest

following a critical Department of Trade and Industry report into the Blue Arrow affair.

Mr Macdonald, a tough Scot whose background had been in the oil industry, was brought in to rebuild the bank's senior management and to bring it through the traumatic aftermath of Blue Arrow. Coming after only two years, his departure appears to leave that job incomplete.

In a statement yesterday, though, Lord Alexander said: "Mr Macdonald has completed the task for which he was appointed and he has been successful in introducing the procedures and the senior personnel necessary for putting NWIB on a firm footing for the future."

Mr Macdonald is replaced as chairman by Sir Geoffrey Littler, 60, whom he recruited from the Treasury two years ago. The new chief executive will be Mr John Drury, a 39-year old Australian who joined the bank last year from Capel Court Investment Bank.

Sir Geoffrey suggested yesterday that Mr Macdonald had been looking for the right moment to leave, after a "very, very wearing" two years during which he had had to cope with the backlash from clients to the Blue Arrow charges, and with a slump in the securities markets.

NWIB plunged to a £49m loss last year, due to losses in its equities division. That brought its losses in its six years of operations to a total of £275m.

Mr Macdonald's own income has made headlines in recent weeks, and is thought to have caused resentment at a time when NWIB is struggling to cut costs. He was paid £497,612 in 1990, a 60 per cent increase from his 1989 earnings.

Shareholders call for sweeping changes in the boardroom

By Richard Waters

A BLUEPRINT for the way UK company boards should be run was put forward yesterday by the Institutional Shareholders' Committee (ISC), a body representing the UK's main institutional investors.

The ISC's proposals, include:

- Separating the roles of chairman and chief executive;
- Appointing strongly independent non-executive directors to company boards;
- Completely separating executive directors from control over the way their pay is set.

Mr Mike Sandland, ISC chairman, said the statement was not intended to be confrontational. It was produced because companies had sought the views of shareholders.

The intention was to codify best practice, rather than produce a list of requirements for companies to follow, he said.

The ISC's paper rejects the idea of splitting company boards into two, creating separate management and supervisory boards.

All directors, whether executive or non-executive, "have an equal responsibility in helping to provide their company with effective guidance and leadership," it says.

Non-executive directors, however, are expected to take on many supervisory jobs.

Non-executives, says the ISC, should be independent. That is more likely if they have not been employees of the company in recent years, have not acted as its professional advisers, and are not significant suppliers or customers.

Also, non-executives should not normally benefit from incentive schemes, should not be in the company pension scheme, and should not be entitled to compensation for loss of office.

The ISC adds its voice to others in recent years who have called for a division between the roles of chairman and chief executive.

The Role and Duties of Directors – A Statement of Best Practice, Institutional Shareholders' Committee, 10-15 Queen Street, London.

Management, Page 10.

BRITAIN IN BRIEF

Export rise boosts TV trade surplus

Britain's trade surplus in colour television sets was boosted to a record £271m last year as UK-based manufacturers responded to depressed domestic local demand by increasing exports.

The increase in the UK trade surplus has been achieved even though there are no longer any British-owned television manufacturers.

The leading exporters are Japanese companies which began building factories in the UK in the mid-1970s.

Ferguson, the last substantial UK-owned manufacturer of TV sets, was bought by Thomson of France in 1987.

Exports of colour sets were worth £471m last year, compared with £301m in 1989, according to the British Radio and Electronic Equipment Manufacturers' Association. Imports fell from £243m in 1989 to £200m last year.

The manufacturers' association said home domestic demand was depressed last year, with UK sales of television sets falling 9 per cent to 3.4m units. In contrast, provisional figures showed that sales of colour sets in the rest of the European Community rose by 13 per cent last year.

London tops fare charges

Bus and train fares are higher in London than in any other EC capital, according to a survey carried out by the predominantly-Labour Association of London Authorities. An average commuter trip costs £1.40 in London compared with £1.18 in Copenhagen, the next most expensive city.


HMS Upholder, the first non-nuclear submarine built for the Royal Navy in a decade, has arrived in London. The diesel-electric vessel, passing the new Thames river bridge at Dartford, east of the capital, is the first example of the type which is expected to comprise a quarter of the navy's non-nuclear submarine fleet. The visit has allowed leading radio operator Barney Naylor, pictured on the submarine deck above, to return home to Canvey Island in the Thames estuary.

Car output down by 2%

UK car production fell by 2.0 per cent in March to 123,495, the first monthly drop in output since July last year.

Despite the steep decline in domestic demand for new cars, production levels have been sustained by the surge in output for export markets and the build-up of production at the Nissan assembly plant.

Production of cars for export last month at 60,274 was 85.9 per cent higher than a year ago, while output for the UK market fell 32.4 per cent to 63,221. Total UK car output in the first quarter at 346,127 was 6.0 per cent higher than a year ago.

Halifax cuts mortgage rate

Halifax Building Society, Britain's largest mortgage lender, has cut its mortgage rate from 13.75 to 12.95 per cent, following the latest base rate cut last week. The new rate will apply to existing borrowers as from May 1.

The new rate puts Halifax in line with Nationwide Anglia, which cut its rate last Friday, but was beaten by the Woolwich building society which announced a cut to 12.9 per cent for existing customers.

Bank discloses asset sales

Non-life insurance companies disposed of assets worth £53m last year, compared with an increase in assets in 1989 of £2.2bn, according to new figures published by the Bank of England.

The disposal was mainly effected through selling securities. It was caused largely by the need to meet claims arising from a variety of worldwide disasters.

Unit trusts increased their assets last year by £621m, against an increase in 1989 of £4.9bn. The small additional investment by the trusts was due mainly to weak conditions on the stock market.

Full hearing for Maguire appeal

The Court of Appeal is to conduct a full appeal hearing into the case of the Maguire family jailed in 1976 for running a bomb factory for the outlawed Irish Republican Army.

At a preliminary hearing in London the Court announced it would not limit argument to the discredited scientific evidence against them.

The full hearing is scheduled for May 7 and is expected to last three weeks.

Gummer hits at farm policy

John Gummer, the agriculture minister, condemned the EC's farming policies as "bankrupt" and said the government would be pressing for a swift reform of the common agricultural policy. He said the community needed to move towards more realistic prices at a pace the agricultural community could accept and reiterated his disagreement with the McSharry proposals to reform the CAP.

New use for drug money

Seized drugs money will be paid to police and customs to boost the battle against international traffickers, Mr Kenneth Baker, Home Secretary, announced. Drug barons' assets seized under international confiscation agreements will finance a new multi-million pound fund also available for anti-drugs education or treatment of addicts, said Mr Baker.

Healthy property

The Department of Health has launched a new agency to improve the management of its £18bn property holdings.

FT LAW REPORTS

Bank rescue payment is a capital expense

LAWSON (HM INSPECTOR OF TAXES) v JOHNSON MATTHEY PLC
Court of Appeal
(Lord Justice Fox, Lord Justice McCowan and Lord Justice Beldam):
March 27 1991

A LUMP sum injected into an insolvent subsidiary by its parent company prior to and as a term of the sale of the subsidiary to the Bank of England in a rescue operation to which the only alternative would be disaster for the parent, is a capital payment, though made for the sole purpose of preserving the parent's trade, and is therefore not tax deductible as a trading expense from the parent's profits.

The Court of Appeal so held when dismissing an appeal by the defendant parent company, Johnson Matthey plc, from Mr Justice Vinelott's decision that a £50m payment made to a subsidiary just before the subsidiary's shares were sold to the Bank of England, was not an allowable expense in computing the profits of the parent company.

LORD JUSTICE FOX said that the parent company carried on business in refining and selling precious metals, particularly platinum. One of its wholly-owned UK subsidiaries, Johnson Matthey Bankers plc, carried on a banking business, including the merchanting of bullion.

In August 1984 the subsidiary got into difficulties on its commercial loan business. Large advances had been made on what turned out to be inadequate security.

A board meeting of the parent company was held at the Bank of England on the night of September 30/October 1 1984, to deal with the resulting crisis. At about 12.30am on October 1 the board concluded that the subsidiary was insolvent and could not open its doors for business without further financing, which the parent could not afford to supply.

Cessation of the subsidiary's business and resulting damage to confidence in the parent was likely to lead to repayment demands by lending institutions which the parent would be unable to meet. The parent would therefore have to cease trading. There was no alternative but to wind up the subsidiary and appoint a liquidator.

A receiver should be appointed to protect the interests of the parent's shareholders and employees, and to facilitate the orderly disposal of assets. The Bank was told of the decisions at once. It made a non-negotiable offer to the board that the Bank would acquire the issued share capital of the subsidiary for £1, on condition that, prior to the sale, the parent injected £50m into the subsidiary.

The board accepted the proposals. They were implemented by the opening of business later that day.

In its accounts to March 31 1985 the parent deducted the £50m as an expense of its platinum trade.

The Revenue disputed that deduction on the grounds (1) that it was a capital expense; (2) that it was not paid out exclusively for the purposes of the trade. The Commissioners found that the sole purpose for which the parent made the £50m payment was to enable it to open the doors of its platinum trade on the Monday morning.

They found on the evidence that the payment was made to preserve the parent's trade from collapse and that, as a payment to preserve an existing business, it was of a revenue nature.

They found that its association with the disposal of shares did not convert it into payment of a capital nature.

Thus they decided both points in favour of the taxpayer. The Revenue appealed to the High Court.

On the appeal it did not dispute that the monies were laid out wholly and exclusively for the trade. It did, however, contest the decision that the payment was a revenue expense.

Mr Justice Vinelott accepted the Revenue's contention. He said the board's purpose in agreeing to make the payment was no doubt to preserve the parent's business, but the means by which that was achieved was to transfer the subsidiary's shares to the Bank as part of a single arrangement to pay £50m to the subsidiary and to release the subsidiary from any obligation to repay it.

He said "these two elements cannot be severed." He concluded that the £50m was a capital payment. The parent now appealed.

There were numerous decided cases on whether a payment was to be treated as capital or revenue. They varied widely in their facts. The facts in the present case were unusual and derived from very special circumstances. Authorities were accordingly of very limited value.

In *Strick v Regent Oil [1966] AC 295,315* Lord Reid said "the determination of what is capital and what is income must depend rather on common sense than on the strict application of any single legal principle". That was accepted. It seemed to be an approach of some importance in the present case.

Mr Park for the parent company submitted:
(1) the Commissioners found that the £50m was laid out to preserve the parent's platinum trade from collapse;
(2) there was no ground for saying it was laid out to secure the disposal of a capital asset, because (i) the shares were not an onerous asset (see *Mallett v Staveley 13 TC 772*) but were a worthless asset; and (ii) the parent did not need to pay £50m to get rid of the shares – it could have disposed of them to a shelf company or could have liquidated the subsidiary;
(3) prior to receiving the Bank's offer the parent had in fact decided to put the subsidiary into liquidation;
(4) accordingly, it did not represent the reality of the matter to say either that the £50m was paid to dispose of the shares or that it achieved a disposition of the shares;
(5) it was not a case of negative consideration or reverse premium being paid for the shares. The essence of the transaction was that the parent paid £50m to preserve its own trade. The parent lost its shares which were worthless and would be lost anyway, but saved its platinum trade.

On the night of September 30 the subsidiary was a wreck. It would not be able to continue trading on the Monday morning. The state of affairs produced a perilous situation for the parent because the resulting loss of confidence in the parent was likely to produce repayment demands which it could not meet.

The sale of the shares was for a nominal consideration of £1 only. But the Bank was not prepared to take them unless *prior* to the sale the parent injected £50m.

Mr Park said this was a rescue operation by the Bank. That was right. But the real question was, what was the nature of the rescue operation? Mr Park said in effect that the £50m was not for and did not have the effect of securing the sale of the shares.

That was not accepted. There was a single agreement.

The Bank was ready to acquire the shares only on terms that prior to the sale the parent paid the subsidiary £50m. There was no other way in which the parent could rid itself of the subsidiary without disaster. It could have got rid of the shares by transferring them to a shelf company or by putting the subsidiary into liquidation but that would not have solved its problem.

The solution offered by the Bank was the only way out. The subsidiary had to be rescued, not liquidated or ignored.

It was true that the parent's purpose was to preserve its own trade. But that was not determinitive of the capital/income issue.

The position was in reality the same as if the Bank had said: "We will take over the subsidiary if you pay us £50m." Whichever way it was done, it was a payment by the parent to enable it to get rid of a capital asset. The asset was not onerous, but its continuous retention was harmful to the parent. The common sense of the matter was the £50m was capital expenditure.

The appeal was dismissed.

Their Lordships gave concurring judgments.

For Johnson Matthey: Andrew Park QC and Thomas Ivory (Taylor Joynston Garrett).
For the Crown: Jonathan Parker QC (Inland Revenue solicitor).

Rachel Davies
Barrister

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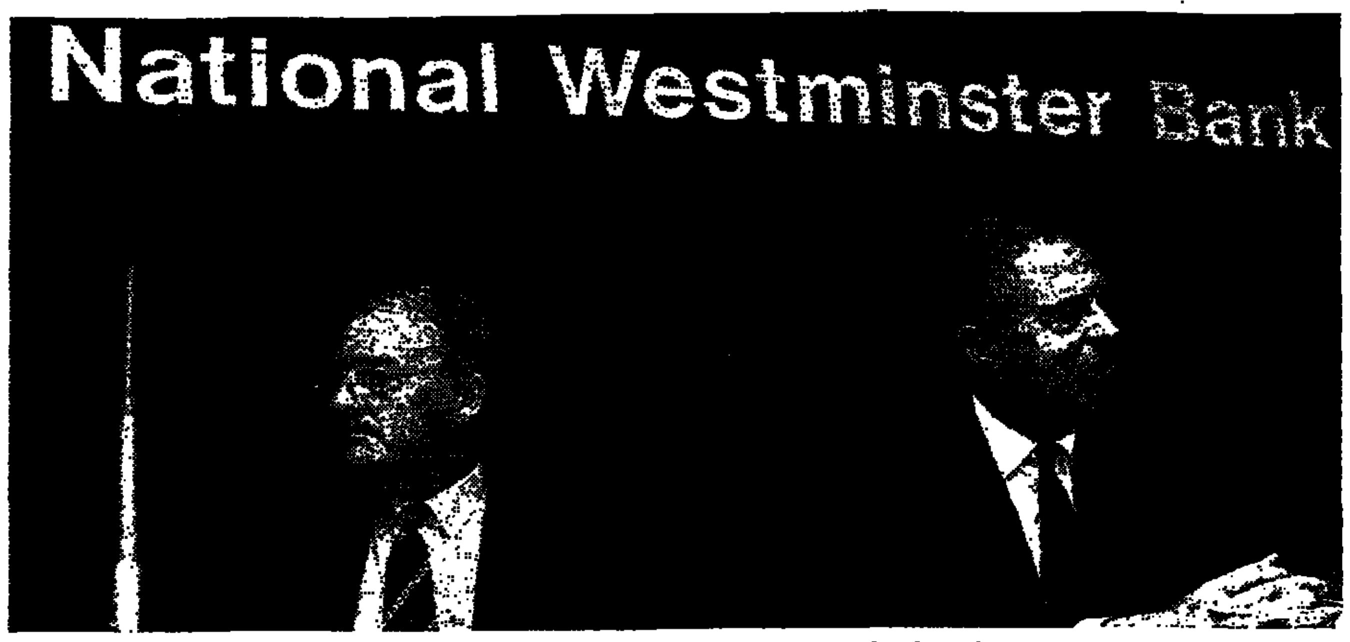
David Lascelles begins a series on the challenges facing UK banks



Tom Frost (left) and Lord Alexander: learning the lesson that banks should do what they know best

A cautious repair strategy for the mistakes of the past

"We may be a bank. But we are also a business."

This statement by Lord Alexander, the new chairman of National Westminster Bank, is revealing about attitudes in the UK's second largest clearing bank.

The first few words contain a hint of the conservatism – some would say complacency – that people traditionally associate with bankers: a suggestion that banks should somehow be judged by special standards. But the second phrase conveys the new sense of realism that has been forced on NatWest after three traumatic years.

Until the latter part of the 1980s, NatWest was widely described as the UK's top clearing bank; it was the largest in asset terms, and its record of profit growth and expansion, domestically and overseas, was impressively consistent. Its top executives – all of them clearing bankers to the core – displayed a cohesiveness and sense of purpose that were envied by its rivals.

All this culminated in the golden year of 1988 when the bank made record profits of £1.4bn before tax. But then things started going badly wrong. The following year profits plunged to £404m, and last year showed only a modest increase to £504m. For the current year, analysts are predicting little change.

For many observers, this downfall was caused by an uncharacteristic adventurousness, with the clear cautionary message that banks should stick to what they know and do best. "Self-inflicted wounds," was how Julian Robins, banking analyst at BZW, described NatWest's pain.

Two serious mistakes were compounded by bad luck.

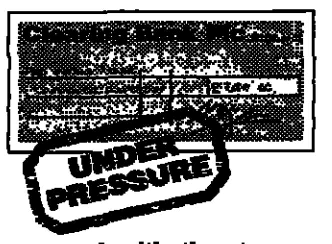
One was NatWest's attempt to enter investment banking by creating County NatWest at the time of the Big Bang deregulation of the City in 1986. County not only lost large sums of money in each of the succeeding years, helped by the 1987 market crash, but it plunged NatWest into the Blue Arrow scandal which cost it its chairman and three senior executives. Several ex-County officials are now standing trial, accused of rigging the market to conceal the failure of the £857m Blue Arrow rights issue which they were managing.

NatWest's difficulties in investment banking were not unique: other clearing banks also lost large sums of money. But County's losses have been the largest, and its failure to achieve its ambitions has been the most conspicuous. County was supposed to propel NatWest into the ranks of "global banks". Instead, it has ended up performing a limited range of services, and is only a secondary player in places like New York and Tokyo.

The second mistake was NatWest's determination to expand in the US despite recent history which suggested it was a high risk strategy. The plan was directed by Tom Frost, the chief executive, who had previously headed NatWest in the US.

But last year NatWest Bancorp, which has 263 branches across New York and New Jersey, was hit by the property collapse and lost £167m – a larger sum in nominal terms than Crocker National Bank lost Midland Bank in the 1980s.

Apart from costing NatWest much in the way of money and prestige, both these setbacks had a demoralising impact on the rest of the clearing bank whose 3,000 branches in Britain's high streets were generating the bulk of the group's profits. The losses have also exposed other weaknesses at NatWest, like its expensive cost structure and its relatively poor earnings performance



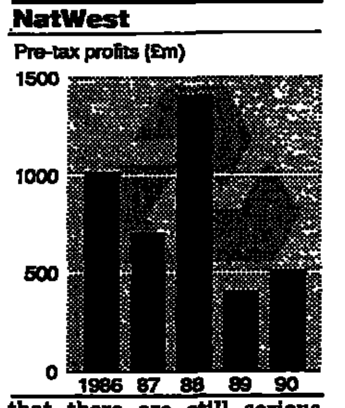
compared with the stronger clearers, Lloyds and Barclays.

The test of NatWest's mettle will be its ability to deal with these difficulties. When announcing last year's poor profits, Frost said: "NatWest's 1990 results require firm action, and we are taking it."

Of the two biggest problems, it looks as if NatWest will try to soldier on with its US operation, but will have to decide whether to cut its losses at County. Lord Alexander has given County two years to show it can make a profit, with the threat that if it does not "then we must out" of the equities business.

The ultimatum set off tremors which appear to have culminated in last night's sudden announcement by Howard Macdonald, County's chief executive, that he was resigning. His departure suggests

NatWest



that there are still serious strains between NatWest and its investment banking arm, and it creates a further disruption to the much-needed healing process.

As for the US, NatWest knows that the bank there can make money – it was consistently profitable earlier in the 1980s – and the culture of that business is close to that of the clearing bank. But the road to recovery could be long and painful because the volume of bad debts in the region is still high. This week NatWest Bancorp announced a first quarter loss of $191m, and required a further $150m capital infusion.

The US and the County problems had two points in common. They both marked major departures from NatWest's mainstream UK banking business, and both were conducted without the sureness of touch which marked NatWest's advance in the early 1980s.

After these expensive mistakes, NatWest's fortunes will depend on its success in the domestic UK market which, in a good year, should be able to generate over £1bn in profits. But it is an increasingly competitive arena in which Frost and his colleagues are trying to galvanise the bank's massive labour force, while at the same time cutting costs.

NatWest will be shedding 4,000 people this year, with a total of 15,000 jobs being eliminated over the next two years, about 13 per cent of its staff.

Frost has set up a centrally based team to oversee the cost-reduction programme. It reports directly to him and he says it should save the NatWest group £400m a year by 1993. Part of the cost savings will come from the introduction of labour-saving technology; a data centre in Staffordshire handles nearly half the group's cheque-processing with fewer than 25 people.

Frost has also rejigged the senior management. One of the key players is Derek Wanless who heads UK banking at the age of only 43. Wanless is a believer in new techniques; he speaks of the role of technology and machines in delivering products to customers, and of the potential for cross-selling more services to NatWest's enormous but under-exploited customer base in the personal and local business markets. Although this is a familiar banker's theme, Wanless says: "Banks have barely made a start on the possibilities".

One dilemma NatWest faces is whether to persist with its strategy of being a broker rather than a creator of non-banking products like insurance and investments. (Under UK law, a bank must "polarise" one way or the other.)

NatWest was the only major clearer which chose to polarise as a broker. The strategy has seemed a success. The broking business nearly doubled its profits last year. But Lloyds Bank, which took the opposite extreme and allied itself with Abbey Life, the financial services group, is setting a hot pace which has caused some uncertainty at NatWest and caused analysts to question the wisdom of its policy.

Although NatWest's difficulties were compounded by events like the market crash in 1987, and the severity of the recession in the UK and the US north east, analysts say that they have also found the bank wanting in strategic foresight.

The County diversification was clearly undertaken to follow the fashion for investment banking – but without a full understanding of the markets into which it would lead the group. The US strategy never took into account the possibility that recession could have such a regionalised impact. All this has made NatWest a more cautious bank. For example, it is taking a very low key approach to Europe and 1992. Since the plan for a single market started, it has only bought out a minority of a small Dutch merchant bank, and a handful of branches in France.

But if NatWest has a chastened air, it has not lost all the cultural cohesion which served it well before the crisis. There is an obvious determination among management to restore its self-respect. After a year in the chair, Lord Alexander, a former barrister, has begun to speak out more boldly on banking issues. And he warns people against "selling the strengths of this group short".

The hapless and the paradox

Richard Waters on the unhappy lot of non-executive directors

Wanted: a large army of experienced, independent-minded, part-time businesspeople to infiltrate boardrooms across the UK. Ability to restrain unbridled chief executives an advantage.

This, or something close to it, was the message yesterday from the UK's institutional investors, which between them own two thirds of all UK listed shares. Acting through their recently-reconstituted umbrella body, the Institutional Shareholders' Committee, the institutions were adding their voices – the most important yet – to the debate on corporate governance.

This has developed as a curious side issue to the debate on relations between companies and their shareholders. Its origins can be traced to two causes: the seemingly endless arguments about short-termism (whether or not the providers of capital are unwilling to take a sufficiently long-term view of their investments); and a lingering feeling that some of the excesses of recent years should not be repeated.

What makes the debate on corporate governance odd is that the institutions appear to want it both ways. They want to regularise the way some companies are run, particularly by reining in some of the more powerful chairmen/chief executives. But in the process they do not want to lose any of the shareholder gains that can be generated by strong, entrepreneurial leadership.

There is a noticeable sound of barn-door slamming in all of this. Periods of corporate or financial excess are generally followed by reregulation. Come the next boom period, these lessons are quickly forgotten. If the institutions can't have it both ways, then it is a fair bet that, come the next bull market, they will forget many of the lessons they are now preaching in the scramble not to be left out.

In the meantime, it is to non-executive directors that the institutions have turned. These hapless people are expected to labour under the institutions' own unresolved paradox; they must at once bear equal responsibility with other directors for a company's performance, but they must also act as an internal check on the power of executive directors.

The ISC's paper, The role and duties of directors: a statement of best practice, contains ample evidence of this paradox. Non-executives, it says, should be independent. This is defined as "free from bias, involvement or partiality".

Yet the paper also comes down firmly on the side of unitary boards, rather than the two-tier structures seen in countries like Germany. It says: "All directors have an equal responsibility in helping to provide their company with effective guidance and leadership and it is recognised that they must, and in almost all cases do, act at all times entirely in the best interests of the company."

Is it really possible for a non-executive to bear all the responsibility that this suggests and yet remain "free from bias, involvement or partiality"?

Leading members of the ISC admitted yesterday that this was expecting a lot. "An increasing amount is being expected of non-executive directors," said Michael Sandland, chairman of the ISC and chief investment manager of Norwich Union.

He said that the pool of available talent was probably not big enough to provide suitable high quality directors for all UK companies, and suggested two ways of easing this shortage: companies should make more of their senior executives available to act as non-executives elsewhere, and companies should pay non-executives more for their efforts. "The traditional £5,000, £10,000 or £15,000 is not enough, given what is expected these days," Sandland said.

Who, though, will decide how much to pay the non-executives? This is yet another paradox at the heart of the ISC position. Non-executives, who are expected by the ISC to set the pay levels of executive directors, will themselves be paid by the executives. Any guesses on the effect that has on the level of executive pay?

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THE PROPERTY MARKET

Stanhope has designs on business in the west

By Vanessa Houlder

Stanhope is widely considered to be one of the most talented property development groups in Europe. Nevertheless, like most over-stretched players in the over-built London market, it is facing a period of consolidation.

Last week it sharply wrote down the value of some sites – the bedraggled South Bank Centre, a section of London Wall in the City, a part of Brunswick Wharf to the north-east of the Isle of Dogs and some office blocks in Euston Square – after postponing their development for the next three years.

Likewise, the 134-acre King's Cross site, potentially the most promising in London, is unlikely to be started for several years, although Stanhope and its partners are continuing to negotiate planning permission.

But Stanhope's wings have not been clipped entirely. After winning planning permission at the start of the year, it is now converting an old bus maintenance depot at Chiswick into an architecturally distinguished office park set in 33 acres of parkland.

This suburban (or as the developer prefers, "mid-urban") park will feature the work of six leading UK architects – Eric Parry Associates, Richard Rogers Partnership, Peter Foggo Associates, ABK, Terry Farrell and Co, and Foster Associates. Among the buildings architects in this group have to their credit are those for Lloyd's of London and the Hong Kong & Shanghai Bank and the exuberant TV-am headquarters.

Asking a clutch of high-flying architects to produce harmonising designs within a tight budget for an office campus is unusual – and laudably ambitious. But the architects, headed by the master-planner Terry Farrell and Hanna/Olin, the US landscape architect, appear to have come up with the goods.

"The master plan and the details of the landscaping . . . suggests a scheme of unusual interest and quality that will set the standard for developments of this sort," said the Department of the Environment's report.

Stanhope, which is building the business campus with Trafalgar House, says the scheme is innovative in other ways. It is a cross between a conventional business park, in landscaping, car parking and amenities, and an urban office complex in its location and accessibility.

The developers (perhaps optimistically) reckon it takes just 31 minutes to get to Cannon Street and 20 minutes to reach Heathrow. The park is a few minutes' walk from three Underground stations and two British Rail stations, which will eventually be connected by an interchange.

According to Stanhope, 3m people are within a 15-minute journey of the projected site. "The whole idea is: Why drag people into the town centre? Why not provide jobs where they want to live?" says Mr Fergus Low, the development director.

In addition, the park will have a sports club, a brasserie and childcare facilities. Stanhope says the scheme, which will be ready in 1992, has sparked an encouraging amount of interest from the media and from pharmaceutical companies.

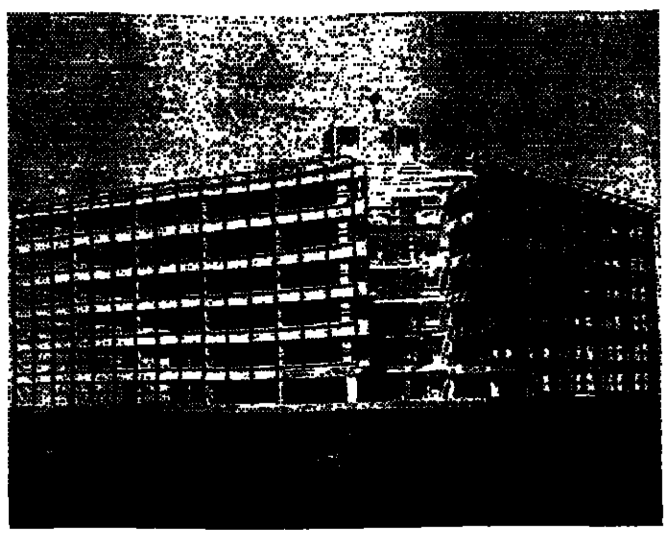
If so, there seems to be a good chance that it will be a financial success. Kleinwort Benson Securities estimates that the project's break-even costs are £27 per sq ft, while it aims to charge rents of between £30 and £35 per sq ft. Stanhope, which already has a £100m facility, says it is confident that it can raise another £150m-£200m for the project.

Elsewhere Stanhope's finances may be under strain. There are doubts about the profitability of its Ludgate scheme in Holborn (in spite of the record-breaking size of the letting agreed by Coopers & Lybrand Deloitte) and there is concern about the value of Broadgate, the office development in the City.

Broadgate held its value well in the initial phase of the property slump, but is likely to see a drop in value this year. Because Rosehaugh Stanhope Developments (the joint venture responsible for Ludgate and Broadgate) is highly geared, this could wipe out a significant part of the company's asset value. At the same time, there has been a realisation that the reduction of RSD's large income deficit may be a long haul because of high (although shrinking) interest costs and the worsening prospects for rental growth.

The conclusion – that RSD needs to sell part of Broadgate – is hardly new. The decision to sell was taken last summer, although it was delayed by disagreements between Rosehaugh and Stanhope. But the asking price was ambitious (not least because of the extravagant sums that had been paid for other prestigious buildings such as Lansdowne House) and the crisis in the Gulf deterred potential buyers. A sale that was tentatively agreed with the Prudential Insurance Company of America's Global Fund fell through when the Gulf war broke out.

As investors start to return to the UK market, a sale should not be too far away. The price is likely to be very different from that hoped for last summer.



Foster Associates office design for the Chiswick Park project

CAPITAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to Feb 91	-11.6	-15.6	-11.2	-13.3
Quarter to Feb 91	-2.6	-5.0	-2.9	-3.7
Month of Feb 91	-0.7	-1.4	-0.9	-1.1
Equivalent yield at end of Feb 91	8.9	9.3	11.2	9.6

Source: Investment Property Databank

Rise in yields has gone too far

THE property market "offers an opportunity not seen since the late 1950s", says James Capel, the broker, in a recent investment strategy report, writes Vanessa Houlder.

The crux of its argument is that the record-breaking rise in yields has gone too far. "Yields on anything but the very limited number of prime properties are so high that, for a small injection of equity, the investor has positive cash flow," it says.

Property is now cheaply priced not only compared with its own historic pattern, but against other asset classes, it adds. Relative property, bond and equity yields, the relative growth of rents and dividends, and the relative volatility of property since the late 1970s are cited as evidence.

Admittedly, rents are now falling, which means that the rents paid by tenants are higher than those obtainable on the open market.

The recession could create a series of tenant defaults. But the Capel report suggests yields have over-compensated for this risk. "A buyer of a portfolio of retail property yielding 10 per cent could suffer nearly 50 per cent defaults and *be unable to re-let* before breaching the mean yield of the last 14 years," it says.

These arguments carry weight and indeed, there is a rough consensus in the industry that yields have gone out far enough. The problem for would-be buyers is lack of good-quality, high-yielding property on the market, as sellers have held back in the hope that yields would improve.

Nonetheless, it is questionable if property values will ever revert to their historical patterns. At a seminar organised by County NatWest this week, speakers argued that the industry – with the exception of the industrial sector – is undergoing a sea-change.

Mr Russell Schiller of Hillier Parker, chartered surveyors, said the retail sector was experiencing fundamental changes, because of the growth of out-of-town retail parks. Shoppers were rebelling against the tedium of the high street – pointing to poor rental prospects in the town centres, which account for most of the institutions' retail assets.

Mr Geoff Marsh of APR, which specialises in office research, said the oversupply that followed planning deregulation in the 1980s meant the 1990s could be a decade of dereliction. "The numbers are heavily on the side of the occupier," he said. "It is not just another cycle. It is a new game."

TECHNOLOGY

Chip with a flash of inspiration

Michael Skapinker examines the semiconductor that could replace both hard and floppy discs

Surfers search for the perfect wave, fishermen live for the big one that doesn't get away, and semiconductor makers dream of a non-volatile, sector-eraseable chip with limitless write cycles.

A chip, in other words, which could replace both hard and floppy discs.

The chip will have to perform the same functions as discs do. It will have to be non-volatile, or capable of retaining information when the power is switched off. It will have to be capable of performing large numbers of write cycles, or store new information frequently without wearing out. It will also have to be sector-eraseable, so that some of the information on it can be deleted while the rest is retained. Above all, it will have to be cheap.

A chip called the "flash E-Prom" meets some of these requirements and its champions believe it will eventually satisfy all of them. Supporters of the chip say that because it is small, physically durable and uses little power it is ideal for portable computers. Peter Norman, UK managing director of Psion, the British-based computer maker, believes that flash E-Prom is "the technology of the 1990s".

E-Prom stands for eraseable programmable read-only memory. E-Prom chips retain memory when the power is switched off, unlike dynamic random access memories (D-Rams) and static random access memories (S-Rams).

The problem with standard E-Proms is that they are difficult to erase and re-program. To delete the information on them, the chips have to be exposed to ultra-violet light for 20 minutes or more. There are E-Proms which can be erased electrically. These are called electrically eraseable programmable read only memories, or EE-Proms, but their drawback is that the erasure process takes about two minutes.

Flash E-Proms, by contrast, can be erased by a flash of electricity that takes less than a second. Because the chips do not have any moving parts they are also less likely to fail than discs. Norman, whose company uses flash chips in its portable and hand-held computers, says that computer discs are an anomaly which will eventually disappear. "There's something bizarre about these wonderful digital computers with this rather horrid mechanical device for data storage," he says.

Byron Harding of Dataquest, a high technology consultancy, says that makers of flash E-Proms will have to overcome several problems before the chips can be considered a replacement for discs.

The first, he says, is that there is a limit to the number of times the information on flash E-Proms can be erased and replaced with new data. When flash chips are re-programmed some electrons remain trapped within the memory cell. Eventually, this accumulation of electrons makes it impossible to re-program the chip. Harding likens the process to filling a bucket with wet cement and then emptying it. A residue of cement will remain each time this is done. Eventually the bucket will be full of hardened cement.

Russell Clayton, a flash specialist with Intel of the US, the world's leading manufacturer of the chip, says that the re-programming problem has been exaggerated. Intel guarantees that its flash chips can be re-programmed at least 10,000 times. A typical Intel flash chip can be re-programmed 100,000 times, he says. If the chip was re-programmed 10 times a day it would last for nearly 30 years.

Another drawback to flash E-Proms is that it is not possible to erase only part of the chip. All the data on the chip have to be deleted. On discs, it is possible to delete some information while retaining the rest. Clayton says there are no technical reasons why flash chips cannot be made partially eraseable. EE-Proms are already partially eraseable. The problem, he says, is one of cost. A 1Mbit EE-Prom costs five or six times as much as the equivalent flash E-Prom.

Although flash chips cost less than EE-Proms, many in the industry believe that they are still not cheap enough to replace discs. It is the cost of flash chips rather than any technical problems which could ensure that discs remain the preferred method of data storage in computers and other electronic devices.

A hard disc in a small portable computer might have 20Mbytes of memory. A typical flash chip will have 1Mbit of memory, or an eighth of a megabyte. Replacing the hard disc with an equal amount of memory would require 160 flash chips at about $12 (£7) each, producing a total cost of $1,920. The equivalent hard disc would less than a tenth of that, Harding says.

Psion's Norman, however, believes that high cost will not stop flash from taking off. As the volume of manufacture increases, the price of the chips will fall. The price of discs might fall too, but the greater reliability, portability and lower power consumption of flash E-Proms will give them the edge. The growth of the portable and hand-held computer market will aid that process, he says.

EUROPEAN FLASH MEMORY

Revenue ($ million)

	1989	90	91	92	93	94	95	1990-95*
1Mbit	1.5	3.8	14.0	31.3	62.2	89.2	85.9	85.6%
2Mbit	-	0.5	0.9	4.8	17.9	38.4	67.0	166.3%
4Mbit	-	-	0.6	1.9	11.2	52.1	102.7	N.A.
8Mbit	-	-	-	-	0.6	1.9	4.2	N.A.
16Mbit	-	-	-	-	-	1.0	1.4	N.A.
Total revenue	1.5	4.3	15.5	38.0	91.9	182.6	261.2	-

Source: Dataquest
* Compound annual growth rate

Little engine goes to Detroit

An idea for a type of compact internal combustion engine, developed in Britain, will be introduced later this month to the US motor industry in Detroit. Its backers claim that the engine can deliver power from as little as half the space required by conventional engines of this kind.

For car designers the compact engine offers improvements in aerodynamic efficiency and a reduction in fuel consumption. Its power density is also attractive to light aircraft designers and in mobile industrial engines.

In the mid-1970s Brian Collins, then an engineer at the Railway Institute in Perth, Australia, wanted to simplify the four-stroke engine. He argued that fewer parts must mean that less can go wrong.

He used a mechanism called the scotch yoke to link the piston in the engine to the crankshaft. This replaces the usual connecting rod which moves about a pin, causing the piston to drive the crankshaft and so the wheels. The scotch yoke allows one end of the rod to be fixed, so the highly stressed pin is no longer necessary.

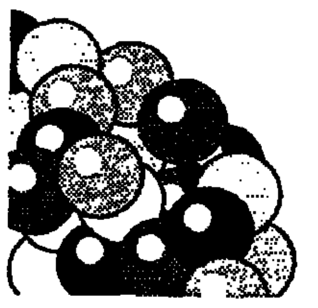
"Collins wanted a way of putting a higher volume of engine capacity round a single crank pin," says Graham Mountain, technical director of the engine project. Subsequent development in Britain has shown that the scotch yoke can reduce engine size and weight by as much as 150lb for an eight-cylinder engine, Mountain says.

In 1980 Collins formed Collins Motor Corporation (CMC) to develop the new engine. The central feature of this engine is the strength of the yoke itself, and its lubricating systems. It comprises a scotch yoke arrangement with hydrodynamic slider bearings. The slider block is mounted on a conventional crankpin bearing and therefore orbits in a circular path. The flat sliding surfaces of the slider block bear on the sliding surfaces of the yoke assembly, which is attached to the pistons and moves along the cylinder axis.

Harry Close, an engineer on the board of TNT Shipping and Development, the chief source of CMC's development funds, has become closely involved in the problem of transferring the engine technology to the motor industry's factories. "We're selling a technology – and people don't really want to buy a technology," Close contends.

Its main rivals are high-speed versions of today's engines, and turbo-charged engines. The design has introduced no new manufacturing problems, but the bearing design has caused difficulties. Close has a graveyard of broken components caused by failures in lubrication for sliders that stop and reverse at the end of each stroke, in a design which needs a larger bearing area than for the equivalent conventional engine.

CMC has built a family of prototype engines and even installed some in current car models. But Close says CMC's aim will be to continue as a technology vendor, further exploring its compact engine not only for the car industry but also for aircraft, industrial and other markets.



WORTH WATCHING
Della Bradshaw

A watchful eye on investments

BANKS, insurance companies, investment trusts and pension funds are the target market of the latest investment accounting and portfolio management system from Extel Financial.

The software, which contains reference data on 100,000 international securities, is updated "in real time" – as figures change they are automatically updated. The Investment Administration Services, IAS 2, has been designed to run on the latest IBM hardware, using relational database techniques.

In addition to Extel's existing bureau service, companies can buy the software to run on their own machines, or will be able to employ Extel, of London, on a facilities management basis.

Mice get out of the rat race

TRANSGENIC mice, which are now being bred in the US, could help chemicals, cosmetics and pharmaceuticals manufacturers to test their products for carcinogenic traces more quickly, while using far fewer animals.

GenPharm International, which is breeding the animals in Mountain View California, says the mice hold the potential for experiments to be cut to six months using 100 to 200 transgenic mice, compared with the two years and the 1,000 mice used today.

The mice, developed at the Netherlands Cancer Institute, in Amsterdam, have been made sensitive to carcinogens by the insertion of an extra gene, known as an oncogene. These oncogenes are one of a series of biological triggers which result in animals developing tumours. It therefore takes fewer carcinogens to trigger cancer in the mice.

Heat is on but salt keeps cool

AN air-conditioning system which has no moving parts and could prevent the spread of Legionnaire's disease has been installed in office buildings in Cambridge.

The system replaces the boiler and cooling tower with a water tank containing thousands of plastic balls (it is atomised droplets of bacteria-ridden water escaping from the cooling tower that cause Legionnaire's disease). Each of the balls is filled with salts which change from a solid form to a liquid at 27 deg C. Such eutectic salts are already used in the process industry where heat needs to be removed rapidly.

In hot weather the salts are frozen overnight using cheap-rate electricity. During the day these frozen salts are used to cool the water circulating through the tank. In winter the reverse occurs.

Although the designers of the system, The Company of Designers, in Cambridge, say the system itself is more expensive than traditional heating and cooling systems, it is less expensive to install in city centre buildings because it takes up much less of the expensive floor space.

Golden beaches on computer

FOR travel agents, there can be few quicker ways of persuading clients to indulge in that special holiday than by showing photographic images of blue skies and golden beaches on the computer screen in the office. But the problem for travel agents – and businesses such as art dealers and estate agents – is being able to get the photograph into the computer.

Canon, the Japanese camera and copier company, has come up with the idea of using its still video camera for creating and inputting full colour images into PCs.

With the Ion-PC kit the user takes a series of photos which are stored on a floppy disc. The camera is then connected to the PC via an interface cable, and each picture is displayed on the screen, enabling the selection of the best one. Using the Ion-PC digitiser the image is captured digitally and stored. Each image has over 400,000 pixels (picture elements).

Canon is working with several software companies, including Aldus, SPC and Lotus, to allow users to incorporate captured images in their desktop publishing and other graphics software.

Ceramics find their bearings

A TOUGH, lightweight ceramic material is now being made into bearings for a range of industrial sectors.

Developed by SNR Roulements, in Annecy, France, the bearings are made of silicon nitride, which is chemically very stable. Other properties of the material are that it is extremely hard and therefore lasts much longer than traditional steel bearings.

SNR has two bearings for various applications: hybrid bearings – ceramic balls held in place by steel rings – to give the speed needed in precision machine tools; and ceramic bearings for use in nuclear physics and the petrochemical industry where there are strong chemicals.

Got nitrogen in the can

THE RACE by brewers to provide traditional beers in the latest thin-walled drink cans could be speeded up by a development from BOC.

The Guildford company has filed a patent for a way of dissolving nitrogen gas in the beer before it is canned. Tests on nitrogen show that it does not alter the characteristics of the beer at all.

After packaging the nitrogen is released from the liquid and exerts pressure on the aluminium or steel can walls, making them rigid. They can then be stacked on supermarket shelves or pallets without damage.

BOC believes the technique is easier to control and monitor than existing methods of canning beer, where liquid nitrogen is fed into the can just before closure. BOC's Stackmaster process could also be used for soft drinks, and for bottling in plastic (Pet – polyester terephthalate) containers as well.

Contacts: Extel Financial: UK, 071 251 3333. GenPharm International: US, 415 964 7024. Company of Designers: UK, 0223 881881. Canon: Japan, 03 3348 2121; UK, 081 773 3173. SNR Roulements: France, 50 65 30 08. BOC: UK, 0483 579857

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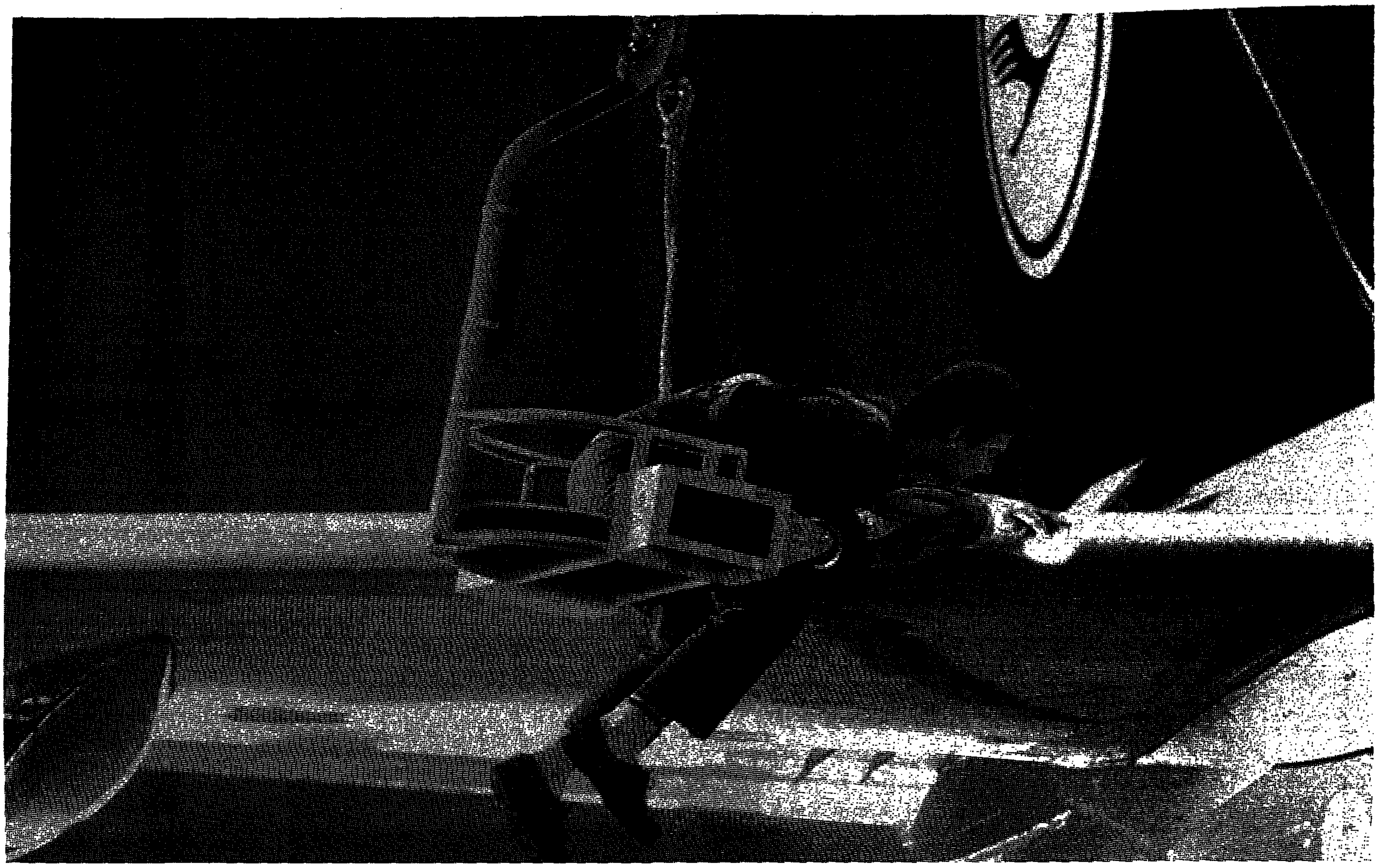

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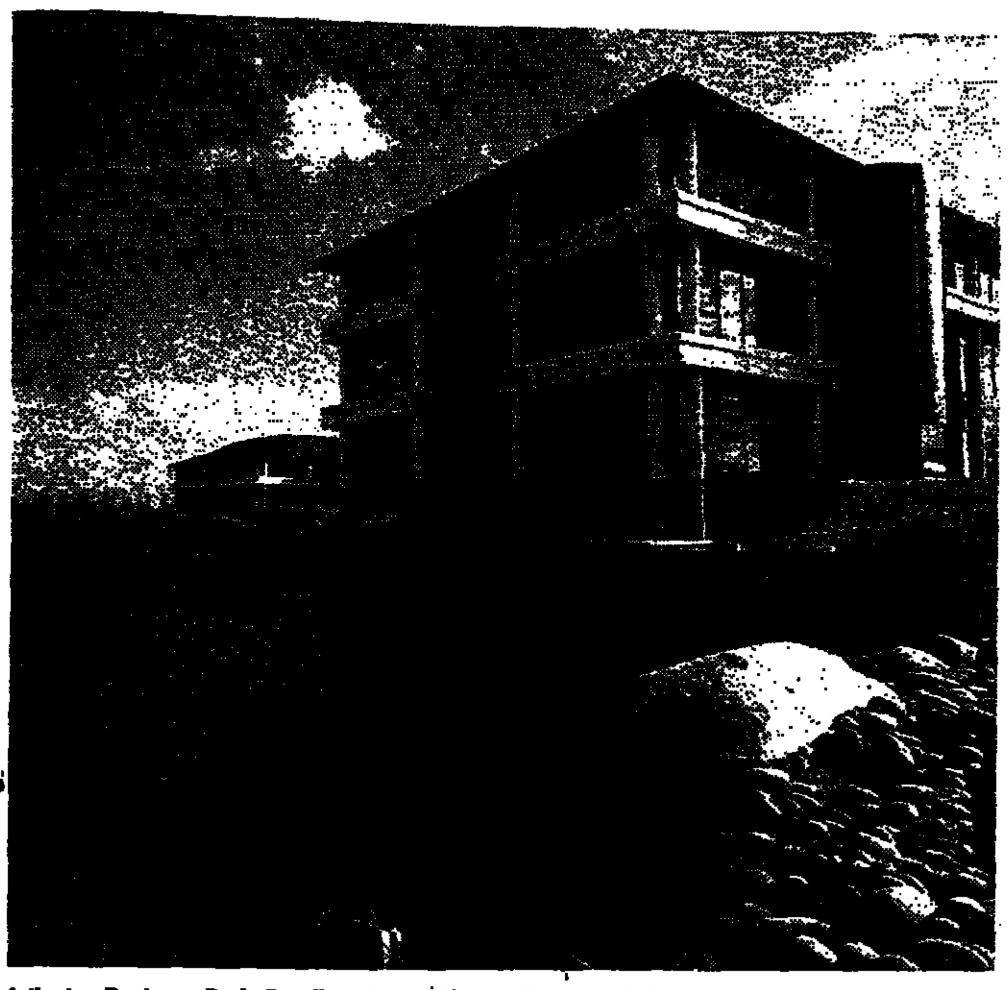
FINANCIAL TIMES SURVEY

BUSINESS PARKS

Friday April 19 1991



Arlington Business Park, Reading: the working environment is important to tenants

After a decade of hectic development, growth of the property market's youngest sector has been badly stunted. While there are signs of a broadening interest in business parks, tenants are becoming more discriminating, writes **Vanessa Houlder**

Facing up to a harsher world

THE youngest sector of the UK property market is going through a baptism of fire. After being nurtured by the relaxed planning controls, buoyant demand and easy money of the second half of the 1980s, business parks have now stumbled into some of the harshest conditions for the property industry in living memory.

The market still shows promise but its growth has been badly stunted. Gone are the careless days at the end of the 1980s, when business parks were planned at the rate of four a week, even though it would take 30 years to fill them all.

Over the past year, developers have struggled to fill their buildings, while some who paid inflated prices for their land have gone bankrupt.

Many of the planned developments will not be built, although plenty of new projects are in the pipeline. Last year nearly twice as many out-of-centre schemes were completed as in the year before, according to Applied Property Research (APR).

This year it forecasts a 10 per cent drop in completions to 13.5m sq ft of completions, while next year it reckons that some 9.6m sq ft will be completed.

While supply has been building up, the recession and the Gulf war have taken their toll on demand.

Just over 10m sq ft was taken up last year, down 21 per cent on 1989. So far this year, 1.4m sq ft has been taken up, leading APR to estimate a total take-up of 9m sq ft for the year.

The demand figures, although weak, suggest that business parks have managed to appeal to a broadening audience. Last year, the most enthusiastic newcomers to business parks were the telecommunication industry, government services – which are relocating out of London to reduce costs – insurance, electronics and computers. This year, food and drink industries are tipped to be important space takers.

The result is that there are enough business parks to satisfy demand for 18 months and enough land with planning permission to last for decades, according to APR.

However, the picture is clouded by large variations in quality and location. Agents report that choice is relatively limited in some regions and, moreover, that well-designed, well-located office parks are still attracting reasonable demand.

For the best schemes, rents are rivalling, if not outstripping the city centres. That said, it is unquestionably a tenant's market and few places are entirely immune from the slump which dragged down overall office rents by about 7 per cent last year.

As the property industry grapples with oversupply, the marketing advantages of business parks are being closely scrutinised by tenants offered cut-price rents to stay in town.

The quality of the working environment and good car parking provisions is often bait enough for tenants used to cramped, congested city centres.

However, Debenham Tewson & Chinnocks reckons that the problems of business parks have been underestimated by nearly everyone involved. "Car parking and a better environment are not everything," it says.

"Rural locations can mean isolation: poor public transport and back-up facilities, few neighbours and only a shallow pool of staff nearby."

Some of these criticisms are inescapable, but the business park industry would argue that its best schemes are trying to address some of the complaints.

The evolution of business parks has been a rapid affair, producing a large discrepancy between the concept and quality of different schemes.

The original goal of UK business parks, which were modelled on US schemes such as Silicon Valley in California, was to give industrial companies a new standard of space and environment. In reality, these turned out to be slightly more appealing than average industrial estates.

High-tech developments were introduced in the early 1980s for computer-based industries that did not need or want to separate offices, production and warehouses. These second generation schemes were larger than their predecessors and more likely to be out-of-the-town centres and in the green belt.

As most of these scheme were agreed outside the existing planning controls, there was an increasing demand to clarify the planning rules. In the 1985 White Paper, Lifting the Burden, the government said it would deregulate planning legislation and, as part of this process, review the Use Classes Order 1972 to cater for high-tech development.

The resulting introduction of the new business activity use (B1) in 1987 had a decisive impact on the growth and nature of the business park market.

Between 1979 and 1981, under 250,000 sq ft of space was completed on business parks, while between 1982 and 1986 the market grew gradually so that just under 3m sq ft of space was completed in 1986. The new planning rules were so eagerly received that by the end of 1988 more than 10m sq ft of new B1 space was coming forward for completion in 1989. "At timesit appears that every farmer with land near a motorway junction was seeking to develop a B1 business park," says APR.

The change in planning rules also fundamentally changed the nature of business parks.

The "third generation" of business parks were office campus schemes for corporate headquarters as developers discarded the original concept of allowing high-technology companies to perform all its functions under one roof.

The "B1 effect" has produced a tendency for developers to think exclusively in terms of maximising land values through office development to the exclusion of mixed use and industrial buildings and this new phenomenon is transforming the mixed use business parks of the 1980s into the office parks of the 1990s," says APR. In 1988, offices were 32 per cent of the total market compared with 79 per cent in 1991.

The bonanza clearly got out of hand. Many schemes were ill thought out and badly located. Clearly, some may have to revert to warehousing and industrial schemes, even though office prices were paid for the land.

What is more difficult to predict is where business parks go from here. The definition of a business park is increasingly blurred thanks to its changing role, the introduction of new terms such as Stockley's "mid-urban" park at Chiswick, and the tendency of developers to borrow the label for any clutch of new suburban buildings surrounded by a few trees.

The fourth generation schemes, meaning a business park that covers hundreds, if not thousands, of acres with leisure facilities and housing, are limited to one or two examples and some intensive lobbying of planning ministers.

There is not even any clear consensus on which types of schemes are the most successful.

It has long been assumed by the industry that if a business park is to compete with the town centres, it must be large enough to offer a restaurant, a health club, a crèche, a hotel and even shops.

In spite of the logic in this argument, the facts do not back up the industry's hunch. Good quality small schemes get taken up just as well as good quality large ones, according to APR, which has examined the relative take-up of schemes larger than 50 acres and the rest. "It is our view that size of schemes has only a marginal impact on the size of lettings to be accommodated," it says.

Nonetheless, the bare statistics should not invite complacency about schemes which do not offer attractive amenities for employees. When the economy emerges from recession, employers' choice of new premises will have to reflect their anxiety to win and keep good staff.

European prospects

New vocabulary of building

DEVELOPERS usually wince at the prospect of crossing national boundaries. They are a home-loving bunch, skilled in the black arts of untangling red tape and anticipating the wants of local customers. Why try to compete under different rules in a new language for customers you don't understand?

But boundaries are dissolving in Europe. They already have dissolved for many leading tenants, who expect a suitably international service from their landlords and agents. A nagging background noise has also thrown doubts on the safety of staying tucked up at home: the sound of business hitting the bottom of the barrel. When the UK market is as flat as a millpond, the challenge of learning a new language seems much less severe. But business park developers will have to absorb more than a few phrase books to make a success in mainland Europe. They must adjust to a whole new vocabulary of building.

Previous invasions were marred by an irritating attitude of taking civilisation to the natives. Full air-conditioning was mandatory for office blocks, for instance, no matter what locals felt. The fact that tenants turned their collective noses up at such extravagance taught a few expensive lessons. This time around there should be fewer mistakes. The British still profess to offer a better product – but quickly emphasise the importance of bending it to local needs.

"We are entering a market part way through an evolution from industrial estate to high-quality office park," says Peter Mantle of Jones Lang Wootton – a polite way of saying the continentals have yet to catch up with the UK. International groups such as IBM want the sort of space they get at home, but it would be a disaster to just superimpose US and UK forms without reference to local traditions, he adds.

Even the multinationals are changing their spots, however. John Worthington of architects DEGW, deeply involved in Spain and France for UK and local developers, says: "Ten years ago they would have demanded the same building in every country. Now they recognise that local people work in these places and their needs must be recognised." In Sweden and Germany, for instance, staff expect a high degree of control over their work environment. In other words they demand the power to open a window and let in fresh air rather than endure the contraints of central air-conditioning.

Rental levels (£/sq ft) January 1991

	Prime office	Business park
London	60	25
Paris	40	12
Madrid	33	15
Milan	32	13
Frankfurt	30	9.50
Barcelona	24	13
Munich	23	9
Brussels	13	8.25

Source: Jones Lang Wootton

What goes under buildings seems to be as important as the people who work in them. The Italians and Spanish are passionately attached to their cars – but they do not want them cluttering up the place when not in use. That is why London & Edinburgh Trust is building underground space for close to 800 vehicles at its 400,000 sq ft business park next to Milan airport.

This sort of idiosyncrasy raises building densities, however, making it harder to export the idea of low site cover and high-quality landscaping. And continental parks are already more dense than their UK counterparts. France, for instance, claims to lead the market with futuristic "technopoles" such as the group of 11 science centres covering more than 2,000 acres around the southern town of Montpellier, but a more typical scheme is much further down the evolutionary scale.

Low-rise, low specification buildings normally cover 35 per cent of a site, leaving only 15 per cent for impressive landscaping after providing roads and parking. This is the exact opposite of a UK park, according to Mr Worthington, with its low site cover and multi-storey buildings.

The Germans, on the other hand, build densely because planners set maximum plot ratios of 1:1 or 1.5:1, which generate land values only justified by high-rise office centres. Tenants are therefore less interested in landscaping than the quality of a building, says Andrew Burt of JLW. They carry that attitude around Europe, so a massive amount of work is going on to determine which companies are looking to move and what they are looking for.

A good environment might be unimportant to Germans, for instance, but is crucial to 90 per cent of Italians, according to a study by Applied Property Research. Like the British, Dutch and French, they also demand good housing and shops, while the Germans differ again, says APR, placing more emphasis on location near markets. One surprising fact is that links with universities and quality of life come low down the list of priorities.

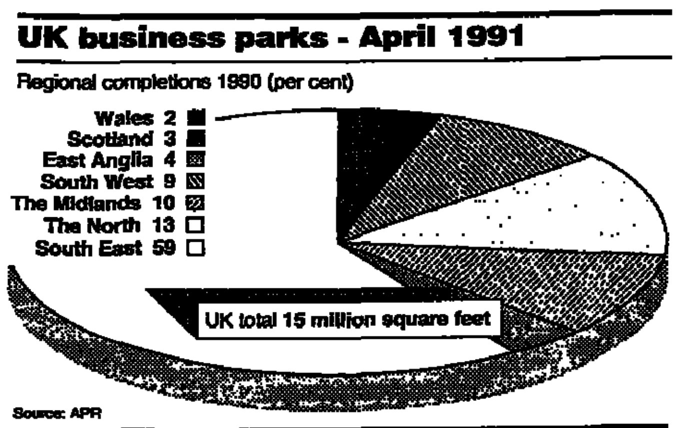
This learning process is not just geared to UK developers. DEGW is designing for continental developers, while JLW is working up a 1.3m sq ft park in Barcelona for the Germany company Grupo Dorn. But a market leader such as Arlington believes it has the advantage of being able to integrate new lessons about tenant priorities with the successful UK formula of prime locations, good design, flexible tenure and on-going management control.

Phil Alexander, chief executive of new European subsidiary ASE, is already looking after schemes in France, Spain and Italy. He also has his eyes on eastern Europe and the Soviet Union. The company's reputation has gone before it, gaining a role to "internationalise" the 2m sq ft high-rise office park planned outside Milan by SNAM and Cogefar-Torno. Pre-lets would be important here – mainly to Italians – but so would sales to the "blue chip" multi-nationals targetting this important European growth centre. Arlington has a head start because most big names already have buildings on the developer's UK parks. That advantage could also be useful in eastern Europe, with the company offering to provide the same sort of space they have at home – bent to local needs, of course.

Stuart Lipton's Stanhope Properties will hope for the same transfer of loyalties from Stockley Park, the 1.5m sq ft scheme near Heathrow which has set the pace for UK development and scooped a hatful of awards. He is set to open its first European office later this year, and has chosen Berlin with an obvious eye on the east.

"The crucial thing is to ensure that development is demand-led rather than property-led," says Mr Mantle. If UK companies can manage that through more sophisticated research and concentration on tenant needs, the potential for expansion into a growing market is incalculable. If not, they face a bleak future, locked into an increasingly marginalised island off the European coast while others reap the rewards.

David Lawson



Reasons for relocation

Buyer's market for tenants

ACCORDING to a study by the London Chamber of Commerce, published last month, more companies than ever before are planning to relocate some of their activities away from central London. Of 150 companies polled, more than 40 per cent claimed to be considering a move and most are preparing to quit the south-east, with the south-west, the Midlands and the north being the main destinations.

If the results of the chamber's survey do not square with the findings of property professionals who continue to report that three-quarters of all moves are to nearby locations, they do confirm relocation activity has eased up.

John Heawood of Debenham Tewson & Chinnocks, which regularly monitors company moves, confirms that "it is no longer just high-tech companies which see the possibilities of operating outside an urban environment. More and more traditional in-town businesses are also considering a move."

The key word for the present, however, may be "considering". All-in costs of moving add up to £10,000 per employee, according to the CBI (not to mention the disruption and nervous wear and tear on employees and directors). So, many recession-hit businesses are proceeding with caution.

Tenants are also aware that they are in a buyer's market. Every sector of the property market is oversupplied – none more so than the business parks which became so fashionable in the late 80s as planning restrictions on user classes were eased. Statistics produced by APR, the property monitoring group, suggest that as much as 190m sq ft of B1 space in business parks may be in the planning pipeline.

Fortunately for the stability of the market, little more than a fraction of this will be built. Buying an option on a piece of farmland is the easy part; paying for the infrastructure and facilities to transform that into the makings of a true business park is quite a different matter, especially now that tenants are no longer satisfied with what amount to no more than "industrial estates with trees".

Already that message is being heard. There have been few business park developments started in the past quarter and the emphasis is distinctly on quality with top drawer trading groups such as Arlington, Trafalgar House and Speyhawk offering high levels of specification and maximum flexibility.

For the competition is certainly keen, not just from other business park developers but from hard-pressed inner-city schemes as well. Business park developers will not soon forget the recent relocation decision by Texaco which had outgrown its Knightsbridge headquarters. Having looked at Bristol, Swindon and then Reading as possible alternatives, Texaco was eventually wooed by the low rents and sophisticated services at Canary Wharf.

Texaco's decision lifts the veil on the true priorities of companies which need to move during a recession. A green environment may be desirable, but a commercially suitable location offering cost savings will win hands down.

This principle applies even where the chosen site does qualify as an eco-sensitive business park, such as the one at Crewe developed by the district and county authorities. Last autumn the Milk Marketing Board chose to relocate its animal breeding and farm management subsidiary, Genus, from London to Crewe in Derbyshire.

Six months later Genus managing director, John Craven, is pretty satisfied with the outcome. But although the 87-acre park has received much media praise for its landscaping and environment-friendly design, these factors are not the source of Mr Craven's contentment.

Genus looked at 30 different sites in the west of the country between Bristol and Manchester and close to the M5 or M6 for access to the main dairy farming areas. Crewe won primarily because of its pool of skilled but cheap administrative labour.

Crewe's superb access to transport – not just rail, but motorway and airport links are close by – was also a prime factor. But with only three occupiers on the site so far, Mr Craven admits to feeling "fairly isolated". Matters improved when Barclays opened a cashpoint and a Holiday Inn will increase facilities further. "The landscaping is nice to have," he says, "but it is really just a bonus."

Ambience in a broader sense does count, however, in the choice of location. Crewe and Nantwich council is adamant that a true business park must be large enough to generate its own sense of place – a minimum of 50 acres. It is certainly true that this feeling is sadly lacking from the proliferation of developments around Heathrow (and consequently cheek by jowl to the M25's traffic nightmare). Brian McCombie, managing director of Trafalgar House's business parks subsidiary, dismisses these as "suburban industrial estates". And they are certainly failing to attract tenants, whereas THBP's redevelopment of Brooklands adding offices, a Tesco super store and an hotel to its historical attractions, looks a winner.

Mr McCombie, whose next application will be for a business park at Waltham Abbey, is aware that even a "Brooklands" ambience is not enough. "There must be good facilities for staff either on-site or within lunchtime striking distance and flexibility over leases and provision of buildings."

Christine Moir


Genus head office: well satisfied with Crewe

Why tenants become dissatisfied

Expectations far too great

DO COMPANIES get the business parks they deserve, or should developers be responsible for ensuring that their business park tenants remain satisfied?

This philosophical issue is raised by research carried out last year by Debenham Tewson & Chinnocks. The surveyors interviewed 140 companies, occupying 3.6m sq ft or 15 per cent of all space taken up on business parks since 1987. And first impressions are that occupiers have only themselves to blame if they are dissatisfied with their choice.

"Occupier satisfaction is inversely proportional," the surveyors concluded, "to the weight attached by would-be occupiers to the various attributes ... at the time the decision ... is made.

"When selecting between competing schemes, occupiers place considerable emphasis on location, accessibility, environment and image. As a result these attributes have generally proved satisfactory. In contrast inadequate attention is given to ... the size of the scheme or ... the dissatisfaction in later years."

But if it is true that tenants are at fault in regarding real estate matters of secondary importance, the developer – by definition a specialist in property – must be better placed than the incoming general manager of, say, a software business, to spot or avoid the ominous list of problems ranging from leaking windows to poor insulation or prohibitive running costs.

Yet, it would be no fairer to place the onus for customer dissatisfaction on the developer. He too, in some respects, can be a victim of the pressures which led to the growth of out-of-town business parks during the 80s. As Debenham notes, it was somewhat naive to extol the virtues of an out-of-town location without providing for or addressing its notable drawbacks.

Car parking and a better environment are not everything. Rural locations can mean isolation: poor public transport and back-up facilities, few neighbours and only a few staff nearby. These problems have been under-estimated: from government anxious to alleviate the problems of congestion in the main cities, to local planners eager to promote their own districts.

If developers cannot be held solely responsible for creating business parks in poor locations, neither should they bear all the blame for occupiers' dissatisfaction with their buildings and amenities after a few years. Some of this dissatisfaction springs from increased expectations and the changing nature of industry's needs.

Demand for air conditioning and suspended ceilings, for instance, has been so swift and widespread that it is not surprising that some developments have been caught out. It will be a sign of the maturity of business parks as an idea when enough of them exist to offer a range of specifications so that occupiers can move from one set of premises or from one park to another as their needs change.

Meanwhile, occupiers will continue to complain about the lack of such amenities as their expectations rise and they begin to think they should be offered as standard. That is just a fact of life and all the developer can hope to achieve is to run constantly just behind the demand.

The occupier must take responsibility, however, for demanding the level or specification which he can reasonably predict that his business will need. After all, just as the property specialist knows more about insulation and window seals, so the business manager should know what services he needs.

Complaints about the lack of amenities in the park itself rather than within individual premises are frequent; and here responsibility should probably be shared. Genus, the Milk Marketing Board subsidiary, is well satisfied on the whole with its new headquarters on 87-acre Crewe Business Park in Derbyshire, but Dr John Craven, its managing director, does confess to a feeling of isolation. Genus and Barclays Bank are the only two companies to be actually on site.

It is probable that Genus would have been better to wait until the park was in a later phase of its development. For their part the joint local authority developers should probably have addressed the question of on-site facilities at an earlier stage. Only now, for instance, are they talking to Holiday Inn about an hotel which will provide restaurant services to local workers as well as to hotel guests.

Another area where responsibility should be shared is traffic planning. Most companies which consider moving to a business park do so, at least in part, because of the traffic congestion in traditional town centres. But it is no use having good car parking and service roads on a business park which then deposits its inhabitants directly on to one of the more arid stretches of the M25 with no choice but to join the traffic jams.

Debenham believes that access to public transport is bound to become an important issue. Some would say that that time has arrived, but most developers still regard business parks as a by-product of the age of the car. Even an enlightened business park developer, such as Trafalgar House, still believes that business parks and car parks go hand in hand.

That attitude, if it continues, will severely limit the progress of business parks as an alternative to town centre locations, since there will be fewer and fewer sites (particularly in the congested south-east) which do not lead to traffic jams.

Traffic planning is an issue on which occupiers and developers must unite; for, combined, they would form a powerful lobby which could force local planners to improve transport communications.

At a different level, communications between occupiers and developers could also improve the level of satisfaction in future business parks. Debenham's study quite rightly pinpoints the developer's ignorance of users' needs as one of the causes of dissatisfaction. Are developers right, for instance, to place too much emphasis on providing bespoke premises, a feature in nearly all marketing today?

Debenham's research suggests that occupiers are, on the whole, no more but no less happy in off-the-peg properties whether fully fitted or finished just to shell and core standard. Few businesses seem to know this fact about themselves in advance. Detailed talks with the developer at a very early stage could prevent a significant source of future dissatisfaction.

Christine Moir

Anne Steadman on more ambitious schemes

Bridging the generation gap

THE concept and definition of business parks has evolved rapidly since the reflective buildings of the late 70s and early 80s. Then, the term "business park" was applied to almost any group of buildings at a density of around 18,000 sq ft to the acre with some kind of landscaping and better than average provision of parking.

Now, the new "true" business parks are unlikely to be sited on less than 100 acres and will include many additional facilities for the occupants and the local community.

Early parks, in out of town locations, were unable to compete with town centres in terms of places to eat, drink, shop and all the other amenities. In addition, there were few attempts to offer accommodation for professionals such as solicitors and accountants, let alone workplace nurseries and crèches, health clubs or hotels.

The new generation of business parks – dubbed the "fourth generation parks" by some – will offer a full range of ancillary facilities alongside top quality and flexible buildings.

The 650-acre Kings Hill project at West Malling, Kent, is one of the most-often cited "fourth generation" business parks. Its US developer, Rouse and Associates, already has more than 200 business buildings housing 4,000 tenants under its belt on the other side of the Atlantic.

Very low density – only 12,500 sq ft will be built on each acre – the emphasis at Kings Hill will be on quality; of both buildings and the environment.

Rouse is now at work on the first phase of B1 space. Total space after a 10-year development programme will run to some 3.8m sq ft.

This first phase of some 150,000 sq ft will include a US-style "flex" building of between 30,000 sq ft and 40,000 sq ft. A "flex" building is single-storey, finished to shell and core and capable of multi-occupation by a group of users ranging from light production to full office use.

Each occupier has their own front door. It is, says Mr. Roger Saper of Jones Lang Wootton, a "bit like a cucumber – it can be sliced up in any combination."

Kings Hill will also include housing and on-site amenities of many types, sporting, recreational and perhaps even educational – there is already a link-up in hand between an American college and local educational establishments which would establish a facility offering a broad range of courses.

Arlington's Solent Business Park forms an integral part of the Whitely local plan and could also be considered a "fourth generation" park, according to Mr Ian Warboys of Strutt and Parker. This is because it is at the hub of what is becoming a substantial new community.

Equidistant from Southampton and Portsmouth on the M27 motorway the park runs to 145 acres with a further 50 acres for subsequent development. Among various amenities are a hotel and it is adjoined by a variety of housing – from five- to six-bedroom "executive" homes down to two-bedroom terraced houses.

The local plan also designates adjacent areas for schools, a golf course, woodland, a sportsground and nature reserves.

Another park to fit the "fourth generation" tag is the development of the former 320-acre airfield and race track at Brooklands near Weybridge in Surrey by Trafalgar House jointly with British Aerospace. Here, planning has been obtained for 750,000 sq ft of B1 space on the first 50 acres.

Amenity elements of the development will include a supermarket and hotel and 25 acres has been set aside for housing.

However, some consider that it is wrong to classify business parks by generation – or by when they just happened to be built.

Some parks have evolved with the changes that have taken place in demand patterns, architecture and the thinking of the planners over the past 10 years.

Arlington's Aztec West at junction 16 of the M5 six miles from Bristol ranks as one of the largest, most developed business parks in Europe. On 157 acres, more than 1.1m sq ft has already been built and another 350,000 sq ft is under construction. A further 20 acres are available for expansion.

Aztec West (The A-Z of Technology) was a bold concept when ESN started building in 1980. It was a first generation flagship. Then came the second generation with its mixed use or "fudged to confuse the planners" – "high-tech" buildings. The third generation was born with the introduction of the B1-use class in 1987. Examples of all of these phases of evolution are to be seen at Aztec West which was acquired by Arlington in 1987. But the park also now offers a 90-bedroom hotel, shops, restaurants, a public house, an exhibition area and other communal facilities housed in the central Aztec Centre. Landscaping is first class and there are large housing projects at nearby Bradley Stoke.

Intensive and meticulous on-site management including post occupancy evaluation of occupiers' levels of satisfaction and on-going needs are also necessary for the smooth running of a big business park. Arlington has an on-site team at all its business parks and makes a point of keeping close to its end users. Aztec West, then, one of the pioneers of business parks – although launched as a "science park" – can justifiably claim to have made a smooth transition from the first generation into the fourth.

There is unlikely to be a rush to begin new fourth generation parks. These very large projects are likely to take 10 years to build.

And the amount of front-end investment in obtaining planning, drawing up the master plan and putting in the vast amount of infrastructure required before building can start at all is, says Mr John Heawood of Debenham Tewson and Chinnocks, "mind-blowing". Economic prospects over the next decade are uncertain and there are very few players with the necessary financial muscle.

Supply and demand

Passion cooling rapidly

THE PASSION for business parks which drove builders and occupiers into a frenzy during the prosperous years is cooling rapidly. The affair clearly developed too far and too fast. Companies are no longer so impatient to rush out of crowded town centres into gleaming glass boxes on greenfield sites, and developers have to think again about wooing them with vast numbers of new buildings.

That might be a blessing in disguise as there were always going to be more parks than the market could bear, even during a a surge in business. For some it is too late for a change of direction. They planned the wrong buildings or put the right ones in the wrong place, assuming that tenants would take what they were offered as long as it looked like a business park. It will be hard to fill this space, let alone achieve rents required to meet land prices which soared over £1m an acre in some overheated parts of the south.

Not every park is a potential disaster; in fact, the best are racking up rents comparable with neighbouring town centres. Nor has demand completely disappeared; tenants are merely taking longer to make up their minds. More than 10m sq ft was absorbed in 1990, but this was down by 20 per cent on the previous year and less than 1.5m sq ft has been taken up so far in 1991, according to the business space database compiled by Applied Property Research.

Unfortunately this slowdown has coincided with an unstoppable surge of development which saw completions almost double to 15m sq ft in 1990 and provide for another 13.5m sq ft this year. Little new is being started without a pre-let but the cumulative stock is equivalent to more than 18 months' supply at present take-up rates, says APR.

Gross figures hide wide variations in quality. "We have been searching – along with other agents – for new buildings required by Nissan and Smith Kline and keep coming back to the same ones," says Roger Saper at Jones Lang Wootton. "There is very little around in the 100,000 sq ft bracket worth considering."

Sometimes the buildings cannot be faulted but are in locations which cannot compete for town centre tenants because of poor communications or amenities. Jonathan Walters of Hunting Gate Developments points to office buildings on industrial sites "masquerading as business parks" which would remain unlet for a considerable time even when the economy recovers. His own project, the 760,000 sq ft Shire Park in Welwyn Garden City, had proven the importance of careful planning and location, he says, drawing names such as Digital and ICL.

Only about a dozen schemes are true business parks, and they are due to provide around 15m sq ft within five years, 6m of which has already been taken, according to James Donald of Strutt & Parker. A similar amount is in the planning pipeline and will take 10 years to feed through. "Demand for true parks will continue to exceed supply for the foreseeable future," he says.

But what happens to the "false" parks. Lesser schemes could be forced to revert to warehousing and industry, even though office prices were paid for the land. The economics may not always be too steep a problem, says Mr Saper, as rents for warehousing west of London have grown into double figures. "But there is still a lot of pain to be disclosed following imprudent purchases during the boom," adds Mr Walters. Forced or not, a move away from pure offices would bring a welcome return to the distinction with industry/warehousing parks which was lost in the fervour of the property boom. APR says 70 per cent of the buildings now being constructed are pure offices, most of them concentrated in the south-east.

However, difficulties may be in store for even the most successful office parks. Some sprang from the relaxation of planning regulations in 1987 which enabled flexible-use buildings to be provided for high-tech companies needing a combination of offices, storage and production space. As values soar over £30 a sq ft, those tenants will be considering the sense of paying such high rents for non-office space. A new surge of relocation off these parks could be in store as rent reviews come up, say Fiona Denby and Ian Scott at Fletcher King. They see an opportunity for re-emergence of the high-office shed – once dubbed mid-tech but now labelled more accurately as "flex-tech".

These provide up to 50 per cent office content at the front but a shed with six-metre eaves and roller doors behind. The flexible use conforms to original intentions in the planning changes but rents are closer to industry than offices. For instance, at Slough Estates' Winnersh Triangle in Reading and Burton Property's City Park in Welwyn, costs are around 60 per cent of equivalent office space.

One danger is reverting too far. Denby and Scott emphasise the need to maintain advances made in parking provision, landscaping and building materials since the days of the bog-standard trading estate. Future large-scale business centres – dubbed "fourth generation" parks – will probably have to provide a mix of pure office and multi-use facilities, separated into sub-parks but sharing similar communal amenities and low-density sites.

Some flexibility is already being built into parks such as Aztec West, near Bristol, where Arlington has recognised the need for smaller office buildings. Set around courtyards and lakes with wine bars, leisure clubs and cafes, the aim is to provide an intimacy redolent of the town centre. The fact that tenants are willing to pay town-centre rents of £16.75 a sq ft shows the success of such innovations.

The popularity of business parks seems assured. Some big deals are in the pipeline, particularly in the pharmaceutical, food and drink sectors, which are gearing up for the single European market. Almost 40 per cent of park tenants are planning to expand and a queue of others ready to move in, says Andrew Jackson of Weatherall Green & Smith. Spectacular figures for potential overall supply become almost irrelevant, as they take no account of widely varying quality. Usually it is only experienced developers such as Speyhawk, Trafalgar House and Arlington who can provide the standards necessary to attract employers.

"The landscaping, leisure clubs and shopping are not just for decoration. Companies need them to sell the idea of relocation to employees used to city centre facilities," says Peter Mantle of Jones Lang Wootton. That is why designers harp on about a minimum size for these parks; only the big ones can afford this sort of service. The rest may be better off looking for a different sort of customer.

David Lawson

Aztec West, Bristol: aiming for town centre atmosphere

Planning is becoming more sophisticated, says **Anne Steadman**

Eyes on the environment

IN SPITE OF the increase in awareness of the environment and the more forceful lobbies of the conservation bodies, developers of business parks are still casting their eyes over green field sites. However, that said, many of the proposals put forward in the prosperous years of the 1980s are never likely to succeed.

Developers in the 90s, however, know that they must take a hard look at environmental issues and put forward packages to planning authorities which offer real benefits to the community in general and, in some cases, specific benefits to special interest groups.

Awareness of the environment is not all that is required. The approach of developers seeking to build on green belt sites is becoming much more sophisticated and considered, says Nicholas Taylor of solicitors Berwin Leighton. Rather than take on the government through the traditional appeal procedure, with the offer of planning gains which in some cases amount to little more than bribery, developers are seeking to have land taken out of the green belt through the new local plans.

This is particularly so when it comes to "brown field" sites which, though actually in the green belt are polluted in one way or another. Stockley Park, a former rubbish tip transformed into what is arguably one of the best true business parks in Europe, is an example of this type of site.

The Rutland Group's Bedfont Lakes, just south of terminal four at Heathrow is another. Although lying within the designated green belt it had been worked for minerals for 60 years and the resulting excavations filled, causing the inevitable risks of carbon dioxide and methane gases.

The planning process at Bedfont Lakes provides, says Mr Taylor, a particularly good example of the new "balance sheet approach". Begun before the introduction of the Environment Protection Act 1990 which enforces stringent measures on owners of old landfill sites to clean them up, this initially involved wide consultation with the local community and the local authority, the London Borough of Hounslow. Mr Ian McDonald of Roger Tym and Partners, who was the coordinator of Rutland's professional team, says that in all such cases the starting point is to discover what the local authority is trying to do; then to check the balance between the land lost from the green belt and the resulting benefits to the community.

Over the past few years public consultation has become *de rigueur* for promoters of large-scale developments, regardless of whether they are in or out of the green belt. However good the proposals, says Mr McDonald, there are bound to be those who will always be opposed just for the sake of it. But even after a full and serious debate, he says, it comes down to Can they believe you? Is the developer really able to deliver all that is being promised?

The Bedfont Lakes development will include 188 acres of attractive green belt land laid out for recreation and sport, including fishing, horse-riding, birdwatching and nature conservation. The 17 acres of non-conforming industry will be removed, there will be seven acres set aside for housing and various measures will be taken to improve the traffic.

To pay for all this the Rutland is developing 800,000 sq ft of high quality offices in a 33-acre business park and a further 200,000 sq ft of industrial space on a separate site. The first phase of the office park has been sold to a joint venture between IBM and MEPC which is developing 343,000 sqft of offices – of which IBM itself will occupy 185,000 sq ft – on 18 acres. The seven buildings, designed around a formal landscaped square, are due for completion next year.

Over the past few years public consultation has become *de rigueur* for promoters

There remains, however, according to Ms Diane May of Jones Laing Wootton, a strong presumption against business park development on green belt sites in the south-east although planners are more likely to listen to proposals on sites where new development will not only replace existing non-conforming users but also provide further benefits.

Ms May cites the Clayform/Maple Oak development at White Waltham, a 33-acre site adjoining the airfield. The new development will replace an old industrial estate and, in addition, the developers will construct a new road to the A4 and a new railway bridge.

Present government policy is perceived to be one of leaving it to the locals via their local plans. However, in some areas the Department of the Environment is nudging local authorities into designating areas for business parks in their unitary plans. A case in point is Birmingham where the DOE issued a circular (PRO 10) putting forward strategic guidance for the West Midlands. In essence the circular stated that further sites for business parks should be released at the right time, that is when Arlington's successful 148-acre Birmingham Business Park next to the National Exhibition Centre and the M42 and the M6 has reached capacity.

The site, which has already attracted a number of Blue chip occupiers, has planning for some 2.5m sq ft.

The DOE's circular has spawned several competing proposals which have been the subject of a lengthy public inquiry. All the sites are located close to the M42 motorway. The five main sites are located in the green belt but only one, that of Blythe Valley Park, west of junction 4 in Solihull, has been designated as a business park site by the local authority. And this site, being put forward by Speyhawk with Solihull Council, with Arlington and Tarmac's Partway South East Site, south of junction 3, are thought to be the front runners. Other contenders are Shirley Farm Estates with a site south of junction 4, RM.

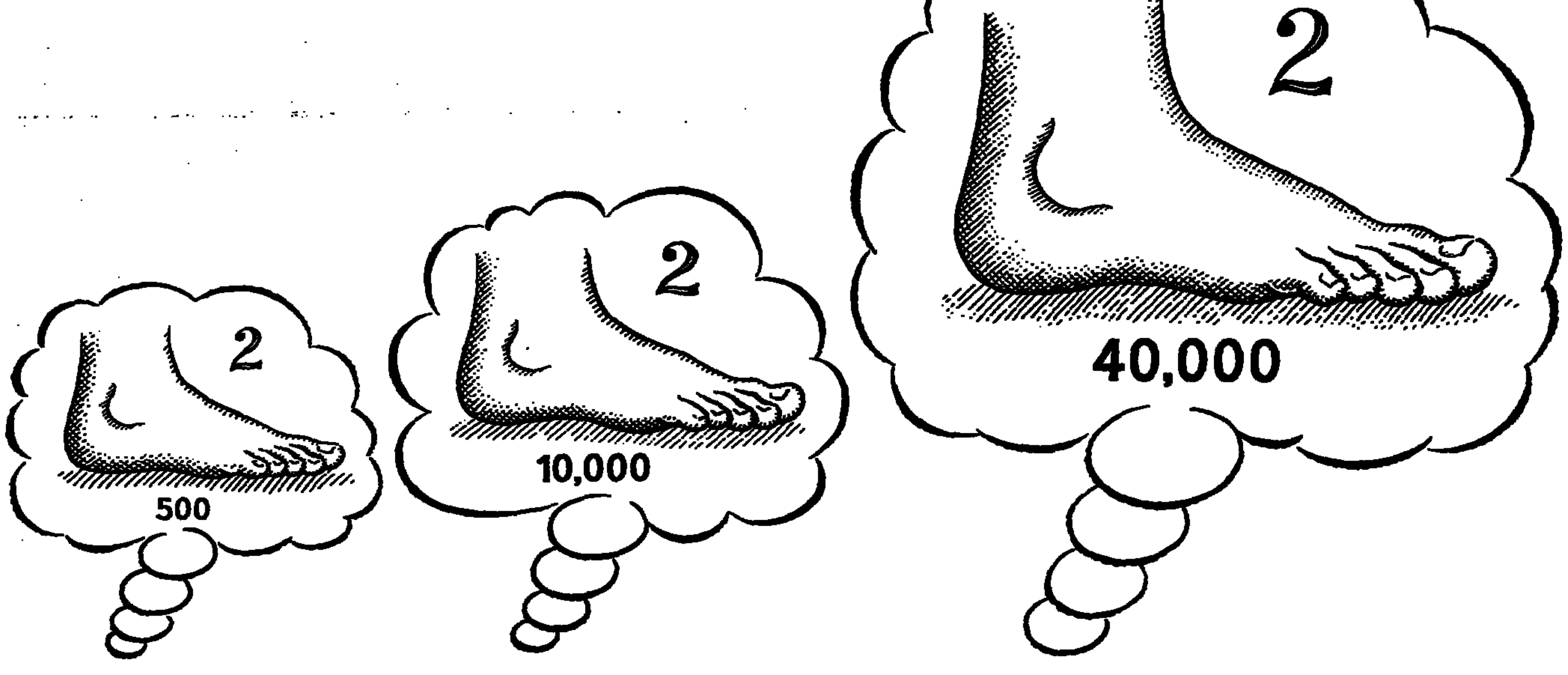
Douglas's Weatheroak Park north west of junction 3 and Edmonds' site on the A435 south of junction 3.

How many of the sites will get the go-ahead and when is not clear. The triggerpoint for the timing of the release of the next site is likely to be when Birmingham Business Park is 75 per cent full. Opinions vary on when this point is likely to be reached but there is a feeling that this should happen in about three years. If this estimate proves correct, there is a case to be made for one of the sites being released straight away. The drawing up of master plans and the putting in place of the considerable infrastructure required before a construction start can be made on a true business park development could easily take three years.

The West Midlands is aware of its need to attract high-calibre employers if it is to recover from the erosion of its traditional industrial base. To do that it has to offer organisations the right kind of working environment in the right areas well served with communications.

The West Midlands is not alone. Other regions are becoming aware of the necessity of attracting new employment opportunities. In Manchester, AMEC Properties and the Scottish Life Assurance Co have linked up with the Universities of Manchester and Salford, UMIST and Manchester Polytechnic to promote a development at Davenport Green which would provide European headquarters buildings for three large international companies. On a 350-acre site – with 260 acres of parkland maintained in agricultural and recreational use is located alongside the M56 and within five minutes of Manchester International Airport.

Public consultation is now under way. The balance sheet is being drawn up.



Peter Grimes

COLISEUM

Peter Grimes returns to the company – or, more accurately, the direct descendant of the company – that gave the work its premiere. Tim Albery's new English National Opera production (sponsored by TSB) is a shock of the most challenging and invigorating kind. In its way it must prove as eye- and ear-opening as was the Royal Opera's, by Elijah Moshinsky, in 1975: a further notable stage in the progress of a great and important 20th-century opera.

This is not at all the Aldeburgh we know. Lines and groupings belong to Expressionist art. The chorus gather in clumps like characters in a Grosz cartoon, a very North European *Lumpenproletariat* with faces often concealed by the lighting, then climactically revealed in shapes of twisted violence. The colours and visual currents of the staging belong to Nolde rather than John Piper – the back and side panels painted in simmering sweeps of crimson, black and grey, the general dullness of hue suddenly transformed into threatening brillliance by fine shifts of light.

Though one gains the impression that old photographs have exercised a strong influence on the set designer, Hildegard Bechtler, the modulation of visual realism into a non-realistic world is achieved with extraordinary, and specifically non-English, sophistication. Sea walls are angled to the point of caricature; poles and boat-lines seem to curve into the distance; Grimes's hut, cut in cross-section, is like a white sea-creature perched unnaturally on the top of a startling blue cliff. In detail, and while its 1990s modernity is pronounced is countless ways, this *Grimes* reminds me of nothing so much as the old Caspar Neher-designed *Wozzeck* at Covent Garden.

This is intended as high praise. But even if the ENO team have been entirely uninfluenced by that landmark British production, a larger link with *Wozzeck* comes across throughout the evening. For myself, I have never before been made so constantly aware of the impact of Berg's opera on the construction of Britten's, or the ties of kinship between the characters of both. In Albery's staggeringly powerful and precisely-achieved production, the opera becomes its leading character's nightmare just as *Wozzeck* becomes its; and it moves with taut dream logic between states of frozen stillness and regimented movement.

The chorus rise up from the floor – a great theatrical coup, this – in the Prologue. Lines of blank bodies and faces are spread across the stage during the storm. The violence of the hunt has never seemed more menacing, more stirred up by irrational emotion. The character of Bob Boles, often a crypto-whimsical cartoon, seems to sum up the style: in Graeme Matheson-Bruce's terrifying account he is angular and frightening, a dream-figure who haunts the action.

This is the most coherent *Grimes* I have encountered. In it, there is a place for the fisherman's visions and ravings, the pub crudities (Auntie and her "nieces" – Ann Howard, Rosa Mannion, Claire Daniels – dressed like fugitives from *Mahagonny*), the drably expressive poetry of the daily working round; everything hangs together. There is a price to be paid. The romance of moonlight and birds wheeling, of local comic exchanges and Borough gossip, of bright Sunday morning sunshine, is pictured in the music but finds no echo in the staging. Characters like the magistrate Swallow (John Connell, superb), the carter Hobson (Mark Richardson), the widow Sedley (Anne Collins), and particularly the blunt, clear-sighted Balstrode (Jonathan Summers in magisterial form) all belong to the world of Brecht; the neo-Romantic English cosiness of Montagu Slater's libretto is expunged.

And so, to an extent, are the folk-opera influences that were no less pressing on Britten than that of *Wozzeck*. There is no *Porgy* warmth in this performance, no *Boris* grandeur. In David Atherton's magnificently controlled conducting, which inspires the ENO orchestra and chorus to their highest flights of corporate artistry, the score is closely geared to the activities on stage. This is, therefore, a *Grimes* full of bated-breath silences, fierce scratches of percussion, and remarkable verbal clarity from almost all on stage; the staccato treatment of the great "Grimes!" choral cries is indicative of the approach.

Is Albery's price too high to be paid? The answer must be a matter of individual taste; for myself, the production is nothing less than revelatory. Philip Langridge in the title role is truly its pivotal point. Mr Langridge, wiry of frame and sharp of profile, with a lyric tenor now capable of surprisingly powerful outburst, is never placed to ham it up in the central spotlight; his ability to make psychological and dramatic sense of the outsider (learnt, no doubt, from playing Laca in *Jenufa*) reverberates through the performance. No tenor, not Jon Vickers, not even Peter Pears, sings all of the music equally well; Mr Langridge has passing trouble with the Es of the pub soliloquy, firmly dealt with.

He is as crucial to the success of this *Grimes* as Vickers was to Moshinsky's. And so is Josephine Barstow: sublimely economical, her naturally striking stage presence distilled to a rare potency, singing with a wealth of quiet colours and poetic nuances, she "explains" Ellen's active-passive modes more cogently than any other I have heard or seen. There was too much scene-change noise at the Coliseum on Wednesday; this was the only faint flaw on one of the ENO's great evenings.

Max Loppert

Alastair Muir

Philip Langridge as Peter Grimes in Tim Albery's new production for English National Opera

The Two Gentlemen of Verona

SWAN THEATRE, STRATFORD-UPON-AVON

The reconciliation of love with friendship presents Shakespeare with no small problems in this ramshackle early comedy: having sent the young Proteus off in hot and dishonest pursuit of Valentine's sweetheart, he somehow has to ensure that harmony is restored. Yet he signally fails to give Proteus a chance to redeem himself, which in turn creates no small problems of characterisation.

David Thacker sets the play among a salon society, circa 1930, interspersing the scenes with snatches of popular song from a chanteuse at the back of the stage. There is a logic to this idiom which emerges early on through the horseplay of the two suitors. They are public school types whose relationship, if not overtly sexual, has a competitive closeness. Schoolboy rough-and-tumble lingers on the brink of adult eroticism; a boy's own complicity is almost confusable with declarations of love.

Richard Bonneville's bumptious Valentine describes his friend's infatuation with a sneer of distaste that throws the masculinity of his imagery into focus. It is clear that these are two romantic adventurers who are amused to let love "master" them. It is not, therefore, surprising, that Proteus – in Barry Lynch's account the more naive and impressionable of the two – should find himself duplicating his friend's affections.

The difficulty is believing that this puppy-dog of a man could have the drive or the egotism to follow his infatuation through – or that the slighted Julia (a gutsy Clare Holman) should so doggedly pursue him inspite of a deviousness that involves breaking all the rules of class and comradeship. With the same spaniel-eyed innocence, Lynch hunts out the lofty Silvia (an icily remote Saskia Reeves) and sneaks to her father (Terence Wilton), a Floyd-like batchelor chef who rips the claws off a lobster as he rages at his daughter's disobedience and would – one rather imagines – do much the same to such petty tale-tellers as Proteus. The ducal choice of son-in-law is a stuffed shirt of overbreeding, played on a gloriously effete monotone by Guy Henry.

Granted that class plays such a part in this milieu, there is a streak of perversity in Thacker's decision to make servants the equals of their employers: to wit Josette Bushell-Mingo's bottom-wiggling Lucetta, who lounges around in easy familiarity with her mistress, Julia, making the delivery of a love letter into a game of pert one-upwomanship.

If Thacker fails to vindicate the play as coherently motivated drama, he makes the most of it as entertainment. Hilary Cromie's singing strikes mellifluous counterpoints with the scenes it punctuates, and Richard Moore's bowlerhatted Launce, intransigent hound in tow, makes more of the clowning interludes than one could reasonably expect, finding such sense in the sole of a shoe as is signally lacking in the two gentlemen.

Claire Armitstead

Otello

NEW YORK

It is 27 years since Solti last conducted at the Met. On Tuesday, in Carnegie Hall, he conducted a concert *Otello*, with the Chicago Symphony, that was electrifying. At Covent Garden, of course, he used also be electrifying in this opera – but in Carnegie he had a greater orchestra, and the extraordinary power and intensity with which he invested the score was even more exciting.

Sure, some disapproving voices were heard in the intervals: "hard", "noisy", "driven". They are words, I confess, that I have on occasion used about Solti performances, but they were not apt to this one. There was hardness, there was drive, and sometimes the music was very loud indeed – but always where it was appropriate, never at the expense of the singers, and never in any show-off way. I've never heard Solti's famous excitability so completely harnessed to a disciplined, long-lined, marvellously vivid, engrossing account of the whole score.

For example, that strange, discordant blast of trilling woodwinds that accompanies the first clause of Iago's Creed was terrifying: as if for the first time one realised what Verdi meant by it; yet the Iago, Leo Nucci, remained clearly audible. A list of string passages superbly, intently, powerfully played would be long. There was also much tenderness and beauty.

The concert doubled as a Decca recording session. The soloists were raised on a bridge behind the orchestra, and behind them was the large and magnificent Chicago Symphony Chorus, prepared for this performance by Terry Edwards. Pavarotti was singing the title role for the first time. (He had not been well, and there was a great deal of carry-on with potations and pills and a yard of white silk; the Desdemona, Kiri Te Kanawa, must have been tempted to swat him as he and his outsize hanky scene-stole during her Willow Song.) But when he rose to sing, he sang well. "Esultate" was clear, ringing, heroic. In the love duet, his reluctance to be intimate, confiding, anything but stentorian, was a drawback. In Act 2 it was the ringing phrases that made most effect. But in the third-act duet he began to engage with the soprano and more fully with the role, and then "Dio mi potevi scagliar" was moving.

In Act 4 he was tremendous. He sang softly, tenderly, as well as loudly. Most of my Otellos have been burly-voiced, thick-toned, sometimes raw and sometimes heavily covered in their forceful outbursts. Pavarotti represents a return to the lyrical tenor of exceptional, apparently limitless, power, with free, forward emission and words out on the lips. Onstage, he might be grotesque; in this concert, I admired him more than I have for years.

Dame Kiri, too. I never thought to write that her utterance of words would be in itself a keen, piercing pleasure. But so it was in the Willow Song and the Ave Maria. Each consonant and vowel was beautiful. She made her New York debut as Desdemona 17 years ago. In Act 1, I thought that over the years her tone had hardened somewhat, and that her lovely middle voice had paled somewhat. But she got better and better. The dramatic fire that we admired in her student days, at the London Opera Centre, and the vocal radiance through the full range returned. The Willow Song and Ave Maria provided one of those adventures that listeners remember all their lives: a house rapt, silent and spellbound; the soprano, the conductor, the cor anglais, the flutes mutually inspired and inspiring; the whole a revelation of why music matters.

Nucci may be vocally hit-or-miss now, but he is not a dull interpreter; he always brings the text to life, and his Iago, despite some dubious intonation, was lively and trenchant. Elzbieta Ardam seemed a nice steady Emilia until in Act 4 she began to shout. Anthony Rolfe-Johnson made his New York mark as a sharp-cut Cassio, but made it by singing sometimes louder than necessary.

I nearly skipped this *Otello*: in another hall, another Hungarian artist, Adrienne Csengery, was making her New York debut, in Kurtag. I'm glad I went to the *Otello*. It's a performance I'll not forget. Solti conducts it again tonight in Carnegie – his last performance as musical director of the Chicago Symphony, and a glorious crown to his 22 years in the post.

Andrew Porter

Rambert Dance Company

RIVERSIDE STUDIOS

If there is a more hideous, confusing and hazardous spot in Europe than Hammersmith Broadway and its tube station, I hope never to have to negotiate it to see a dance programme. Prospective visitors to Riverside, where Rambert Dance Company has opted to give its London seasons – the troupe in quest of more movement space than Sadler's Wells can offer – are hereby warned. It would be good to report that, whatever the hurdles, the trip is worth while, but Tuesday's opening, though eminently well-intentioned, was not calculated to set the pulse racing.

The choice of Riverside – a small auditorium, not blessed with the best sightlines – gives Rambert more room to move and far less audience seating than at the Wells, which makes for a doubtful equation. It also alters the perspective of the dance. At the start of the evening Merce Cunningham's *Doubles* sat less than easily on the Rambert dancers in this exposed location (they appeared slightly self-conscious) and the audience's view of Cunningham's spatial relationships was foreshortened when seen (as here) from above. *Doubles* looked honest but not especially polished. As a fashion note let me observe that the three girls in the cast had neat hair, which helps stress the purity of physical line so significant with Cunningham, while the three men boasted what appeared to be badly knitted dreadlocks – no help to the dance's precisions.

The company has now acquired Siobhan Davies' *Plainsong*, which was first made for Davies' own group a decade ago. It is visually elegant – unisex shirts and trousers for the cast, in shades of grey – and stresses a frieze-like progression of dance ideas, passed through a line of dancers, or shared and dispersed among the performers. A grave problem with the piece is its score – an interminable sequence of dull Satie piano works (and are there any duller?) which sound like doors holding a conversation. It is very worthy as dance, subtle in its shifts of emphasis, and somehow monochrome.

Richard Alston's *Roughcut* uses two Steve Reich scores (for guitar and clarinet) whose patternings are the basis for an "end of the evening" piece which, in the context of the Rambert repertory, is positively vivacious. There are jazzy elements – admirably caught by the mercurial Catherine Quinn – with something not unlike a blues duet for Amanda Britton and Mark Baldwin. The cast are kept on the *qui vive* by vigorous movement, and are made to look fatuous by Tim Hatley's costumes – the girls in white, bare-midriff outfits that give them a matronly air; the men in trousers, cut with malign skill to make them seem portly, with braces over bare torsos. Dancers strive for physical grace and power; their costumiers should honour this fact.

Alastair Muir

Catherine Quinn in 'Roughcut'

Clement Crisp

London Philharmonic

ROYAL FESTIVAL HALL

For Tuesday's LPO concert Christoph von Dohnányi chose a piquant programme: Webern's temperate little Symphony op. 21 before Beethoven's first and least-favoured piano concerto, the so-called "Second", and then Schoenberg's Five Orchestral Pieces, op. 16, as prelude to the Fourth Symphony of Schumann. But for the Webern, it worked surprisingly well.

In Beethoven's B-flat Concerto, Emanuel Ax outdid himself. Operating in something like the Schiff/Uchida mode – pearly and unforced, but digitally super-articulate – he found chiaroscuro delights in even the most surface-routine passages. None of that sounded imposed on the music; as interpretation it was knowingly pawky but never arch, and always elegant. I do not remember hearing the delicate humours of the piece so wittily spelt out. Ax maintained the illusion of keeping the pianistic scale within period limits, but after a notably subtle, tender Adagio he attacked the Rondo with tingling brio.

Dohnányi's orchestral accompaniment – for with such an engaging soloist, that was what it became – was a model of alert tact and sweet reason. In the Schoenberg pieces after the interval he gave full value to their far more lurid palette, but also the most judicious attention to their harmonic sense: strong confirmation of Schoenberg's claim, cited by Eric Mason in his programme-notes, that there was "a remorseless, if unconscious, logic in the harmonic construction".

Among the Five Pieces Dohnányi realised "Vergangenes", the second, with lovely cogency, dovetailing its soft overlap of voices with a sure hand. He did as much for the final "Obbligato Recitative" too, revealing much more intricate musical argument than we usually hear. The orchestral balance was scrupulously gauged.

The Schoenberg tuned our ears very well for Dohnányi's close-focus examination of Schumann's "Fourth". Though it wasn't a particularly tender reading – some other conductors make it sing more affectingly – it had sterling dramatic proportions, and sovereign clarity. His main executive feat was to render the freehand "development" of the first movement entirely compelling, not just a profusion of amiable ideas; but the darkling hues of the Romanze were remarkable too, and the brusque cut-and-thrust of the Scherzo, much steelier than mere bucolic fun.

For such a sharp-eared reading Schumann's leaner original orchestration, without his second-guess doublings, would have been a further asset. It pre-dated his "Second" and "Third" symphonies; this one counts as his "Fourth" only because the revised version was made after them. There is surely a *musical* case – as against musicological fussing about "authenticity" – for retaining the tauter structure of the later version, but trimming its adipose instrumental tissue back to the clean lines Schumann first imagined.

David Murray

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

Dance heads the bill in New York in the coming week, with American Ballet Theatre and New York City Ballet both opening their spring seasons. The ABT programme gets underway at the Metropolitan Opera on Monday with a gala performance of Coppélia, in a new production choreographed by Enrique Martinez. On Friday, the company adds Jiri Kylian's Sinfonietta to its repertory, and April 30 sees the premiere of Vladimir Vasiliev's new staging of Don Quixote. The season, which lasts till June 22, also includes a Twyla Tharp evening and Kenneth MacMillan's production of Romeo and Juliet, as well as La Bayadère and Giselle.

The NYCB programme opens at the New York State Theatre on Thursday with Peter Martins' new two-act production of The Sleeping Beauty (till May 5). The repertory for the rest of the season includes 23 works by Balanchine and 11 by Jerome Robbins, as well as a new Peter Martins ballet to a score commissioned from Michael Torke. The season runs till June 30.

The ballet programme in Paris over the next three weeks is devoted to Giselle, in a new production by Patrice Bart and Eugene Polyakov using the original choreography by Coralli and Perrot. The Opéra Ballet will perform Giselle at the Palais Garnier daily except Mondays from next Thursday till May 11.

The most eye-catching operatic event of the coming week is a new production of Dukas' magical, fin-de-siècle Ariane et Barbe-bleue at the Châtelet in Paris, staged by Ruth Berghaus and conducted by Eliahu Inbal (Mon). Tomorrow, the Vienna State Opera revives Franz Schreker's opera Der ferne Klang. Catherine Malfitano, Thomas Moser and Siegmund Nimsgern head the cast in a production conducted by Gerd Albrecht.

At the Barbican in London, the Chamber Orchestra of Europe is giving a series of tenth anniversary concerts over the next 10 days. Tomorrow and on Monday Nikolaus Harnoncourt conducts Beethoven's Third Piano Concerto (with Martha Argerich) and the Choral Symphony.

The third Frankfurt Art Fair opens today and runs till Tuesday. Nearly 200 galleries will be presenting a wide range of contemporary art intended not just for viewing but also for sale. Visitors to the Fair can take advantage of a special bus to tour the city's galleries and museums free of charge.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum A Century Apart: 19th century paintings from the museum's own collection, with works by leading members of the Hague School, also Courbet and Corot. Ends June 30. Also Chinese Painting: scroll paintings and album leaves on paper and silk by Chinese painters from the 16th to the 19th century. Ends June 20. Also Dutch Drawings from the Collection of Maida and George Abrams. Ends April 28. Closed Mon

Van Gogh Museum Dutch Painting 1880-1895, with 178 works tracing the artistic reforms pioneered by the generation after the Hague School. Ends May 26. Daily

Stedelijk Museum Paintings and drawings 1974-90 by the American artist Agnes Martin (b1912), often associated with the New York abstract expressionists. Ends May 12. Daily

BASLE

Kunstmuseum The Amerbach Cabinet: renaissance drawings, paintings, books, coins and objets d'art, many made of gold, from the collection of the 16th century Basle patron of the arts Basilius Amerbach. Ends July 21. Closed Tues

Museum für Gegenwartskunst Rosemarie Trockel (b.1952), 170 drawings illustrating the German artist's gift for ambivalence and gentle provocation. Ends June 17. Closed Tues

BERLIN

Museum für Moderne Kunst From Expressionism to the Resistance: Art in Germany 1909-1936, tracing the development of Expressionism and the reaction against it in the Neue Sachlichkeit. Ends April 28. Closed Mon

Neue Nationalgalerie Anselm Kiefer: 58 works by the German artist (b.1945), including monumental steel sculptures which voice Kiefer's preoccupation with war. Ends May 20. Closed Mon

COLOGNE

Josef-Haubrich-Kunsthalle Duane Hanson: 120 sculptures on themes of everyday American life by an artist much influenced by pop art. Ends May 25. Daily

DUSSELDORF

Kunstmuseum Albrecht Dürer: 50 paintings and drawings by the German Master from the period 1485 to 1526, with examples of his work in Venice and the Netherlands, together with works by his contemporaries. Ends May 5. Daily

FRANKFURT

Schirn Kunsthalle From Lucas Cranach to Caspar David Friedrich: 52 paintings by German artists from the 16th to the 19th century, on loan from the Leningrad Ermitage. Ends June 9. Also Walter Schmogner: Magical Spaces, a collection of recent paintings and drawings by the Austrian artist (b1943) best known for his book illustrations. Ends May 5. Daily

Stadtische Galerie im Stadel Peter Cornelius: Drawings for Goethe's Faust, including the original 12 drawings from 1810-16, together with sketches by Cornelius and Faust-illustrations by other artists. Ends May 20. Daily

HAMBURG

Deichtorhallen Himalayan Gods: 750 works of Tibetan art, largely inspired by the Buddhist faith, from the collection of Gerd-Wolfgang Essen. Ends June 2. Closed Mon

LEIPZIG

Museum der bildenden Kunste The Visionaries: paintings by five modern Austrian fantasists, representing a school which until recently was banned in east Germany. Ends May 5. Closed Mon

LONDON

Hayward Gallery The Twilight of the Tsars: Russian Art at the Turn of the Century, with 500 exhibits from Soviet galleries. Ends May 19. Daily

LUGANO

Villa Favorita Early Italian Art: 120 examples of 14th and early 15th century painting from collections in Switzerland and Liechtenstein, focusing on gothic and early renaissance art from Florence, Siena, Bologna and Rimini. Ends June 30. Closed Mon

LUXEMBOURG

Villa Vauban Goya: an exhibition of more than 200 drawings borrowed from the Fundacion Juan March in Madrid. Ends June 3. Closed Tues

MADRID

Museo Nacional Centro de Arte Reina Sofia Markus Lupertz (b1941): major exhibition of work by the leading member of Germany's Neue Wilder group. Ends May 6. Also Masters from the Guggenheim Collection: 125 paintings and sculptures representing the main movements in 20th century art. Ends May 13. Closed Tues

MARTIGNY

Fondation Pierre Gianadda Chagall in Russia: 40 oils and 150 drawings and watercolours from Soviet museums and private collections. The majority, including seven panels of decor for Moscow's Jewish Theatre, were until recently hidden from the public eye. Ends June 9. Daily

MUNICH

Kunsthalle der Hypo-Kulturstiftung Marc Chagall: major retrospective including 111 paintings and four wall tapestries from American and European collections, with examples from all periods in the artist's life. Ends June 30. Daily

Villa Stuck Sculpture and Space: abstract sculpture and other examples of the work of nine established 20th century artists from Germany, Switzerland and Scandanavia. Ends April 28. Closed Mon

NEW YORK

Brooklyn Museum Alfred Bierstadt: 74 works by the 19th century American landscape painter. Ends May 5. Also Monet and his Contemporaries. Ends June 3. Closed Tues

Metropolitan Museum of Art Eugene Delacroix: 125 paintings, drawings, sketches and prints from North American collections. Ends June 16. Also The Fauve Landscape: Matisse, Derain, Braque and Their Circle. Ends May 5. Closed Mon

PARIS

Galérie Daniel Malingue Kisling: a centenary exhibition devoted to the Polish-born painter Moise Kisling (1891-1953), who spent most of his life in Paris. Ends July 14. Daily

Grand Palais Georges Seurat: to mark the centenary of his premature death, a retrospective of some 180 paintings, studies and drawings brings out the sharp contrast between the scientific rigour of the theoretician of pointillism and the spontaneity of the Impressionists. Ends August 12. Closed Tues

Musée Rodin Camille Claudel: 80 sculptures, among them several versions of the Waltz with figures swirling in Art Nouveau movement, are included along with 20 paintings, engravings and drawings – representing virtually the complete oeuvre of Rodin's disciple and tragic lover. Ends June 20. Closed Mon

Louvre, Pavillon de Flore Joos van Cleve: a collection of paintings which bring out the Italian influences on the early 16th century Flemish painter. Ends May 27. Closed Tues

Louvre (entry through the Pyramid) Treasures of Saint-Denis: the 60 remaining ornaments, ivories, manuscripts and coronation regalia from the collection of the Abbey of Saint-Denis. Ends June 17. Closed Tues

ROTTERDAM

Museum Boymans-van Beuningen A.R.Penck (b.1939): paintings, sculptures, drawings and ceramics from the Visser collections, reflecting the versatility of the Dresden-born artist. Ends May 26. Closed Mon

VENICE

Palazzo Grassi The Celts: more than 2,200 works from museums around the world, documenting the evolution of the Celtic people from the sixth century BC to the dawn of the Middle Ages. Daily

WASHINGTON

National Gallery Art for the Nation: 320 works donated for the gallery's 50th anniversary, including works by Cezanne, Bellini and Toulouse-Lautrec. Ends June 16. Daily

ZURICH

Kunsthaus Modigliani: 55 paintings, 90 drawings and six sculptures showing how true he remained to his Italian heritage while living in Paris. Daily

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Rarely Can An Overnight Letter Answer A Follow-up Question.

OVERNIGHT LETTERS ARE USEFUL, RELIABLE, INEXPENSIVE. BUT THERE ARE TIMES WHEN THE MESSENGER IS THE MESSAGE, WHEN THERE'S

just no substitute for being there. ❖❖ Certainly there's no better way to express your interest than in person. You can actually sit down face to face. Not fax to fax or letter to letter. It's an opportunity to communicate, not just correspond. It's the difference between issuing a statement and having a dialogue. ❖❖ In many cultures it's important that this dialogue be unhurried, even restrained. The idea is to first form human relationships, then build business relationships. ❖❖ There's more to it than cultural nicety. A dialogue can correct misunderstandings, solve problems, reveal opportunities. ❖❖ So the next time you consider sending an overnight letter to your customers, perhaps it should relay one very important message: that you plan to be there in person. Soon.

SOMETIMES THERE'S NO SUBSTITUTE FOR BEING THERE.

BOEING

FINANCIAL TIMES

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Friday April 19 1991

A painful shakeout

THERE WAS never any doubt that one of the consequences of a long period of exceptionally high interest rates, combined with Britain's entry into the exchange rate mechanism (ERM), would be a massive labour market shakeout. Even so, an exceptionally dismal set of official figures yesterday, including the sharpest monthly jump in the seasonally adjusted unemployment figures on record, indicates that the process is proving more brutal than many expected.

After a dramatic acceleration in unemployment in the first three months of this year, there must now be a real risk that unemployment will top 2.5m well before autumn and that peak unemployment in the present cycle might go well above 3m. Yet for all the talk of a change in climate in pay bargaining, average earnings are a long way from showing an adequate response.

The underlying increase in average earnings is admittedly down by a full percentage point, to 9¼ per cent, since its peak last July. But that compares with an underlying inflation rate of perhaps 5 per cent by year end, giving a real rate of increase that looks high when compared with the prevailing norm in continental Europe. Comparisons with Germany, where the Bundesbank worries about British-style pay claims from IG Metall, are irrelevant: the Germans are at a different stage in a cycle that has been freakishly affected by the shock of unification. The more interesting yardstick is France, where the trade-off for sharply reducing inflation has been an unemployment rate averaging more than 10 per cent since the mid-1980s, when currency realignments went out of fashion.

Competitive disinflation

It may be that the index of average earnings is not wholly representative, or has yet to capture the more recent signs of moderation in pay settlements. But the annual rate of increase in underlying average earnings over the past decade has never fallen below 7½ per cent, which is one measure of how painful convergence with French inflation rates will be. And if part of the case for ERM entry is increased competitiveness, convergence is not enough. The game of competitive disinflation calls for more.

The output index suggests that February's manufacturing output was back to the level of the second quarter of 1988, which is consistent with a deep and protracted recession. Unit costs continue to rise faster than average earnings, pointing to a substantial loss of competitiveness. Yesterday's unemployment figures suggest that industry now responds more quickly to such a cold climate than in the past. Against the background of a record corporate sector financial deficit and exceptionally high real rates of interest, companies are seeking to restore productivity growth and profit margins chiefly by shedding labour.

Wage settlements

This torpid adjustment to new circumstances within the ERM carries a powerful echo of the experiment with money targetry in the early 1980s. Despite a clear monetary signal, the labour force continues to demand pay settlements that reflect last year's inflation instead of this year's financial clamp. Yet the government and most employers remain hostile to any form of national pay co-ordination.

There are, however, some modest signs that positions are beginning to soften, most notably the interest recently shown by the Number 10 Policy Unit in some kind of pay co-ordination. If the monthly unemployment figures continue to shock, as did yesterday's, that interest may be less readily stifled in future. What is required is a switch, preferably one agreed by employers and unions without anything more than a certain amount of government encouragement, towards forward-looking pay bargaining instead of the present tacit backward indexation of wages. In the absence of some such mechanism Britain will be condemned to pay a needlessly high price in unemployment for price stability. This is one area where Mr John Major could usefully show that radical ideas have not departed with Mrs Thatcher, even if they would not necessarily be to the former prime minister's taste.

A missed opportunity

THERE should be no satisfaction that the Japanese-Soviet summit ended in its mostly predictable stalemate. That the full normalisation of relations should still be hung up on a niggling 45-year-old territorial dispute is a sad commentary on the lack of political will and strength displayed by the two governments.

To describe the summit, the first between the two countries in Tokyo since the war, as a complete failure is perhaps a little extreme. There was more intense negotiation about the Kurile islands than ever before. Presumably any remaining mutual illusions about respective positions have been swept away. The Soviet Union did say it was willing to start withdrawing some troops from them. And at least Moscow has acknowledged publicly that the territorial dispute exists, which the Japanese claimed had not been the case since 1956, and then only partially.

But there was no settlement, hence no peace treaty, and hence no flood of Japanese aid and technical assistance to the distressed Soviet economy. For this last reason alone, the Soviet Union is the larger immediate loser, since it never approached the summit with what might have been a conventional Cold War aim of prising Japan loose from its US alliance. The fact that President Mikhail Gorbachev will not be going home with his pockets stuffed with yen will not make his domestic political burdens any lighter, though signing away the Kuriles might not have helped either.

Collective failure

The failure to go all the way should not be ascribed to the two men alone. Neither Mr Gorbachev nor Mr Toshiki Kaifu, the prime minister of Japan, is a master in his own house. The Soviet leader is hemmed in by Mr Boris Yeltsin, in whose Russian federation the disputed islands are situated, and by a Soviet military as yet unpersuaded by the virtues of arms control and strategic redeployments in Asia.

Mr Kaifu's problem stems not only from his own political weakness inside the ruling Liberal Democratic party. He leads the government of a country disinclined to become more friendly towards, or even to invest more heavily in, the Soviet Union. Japanese companies, for the most part, have made it clear that they consider the Soviet economy to be a black hole down which it would be imprudent to pour investment. Their voices count with their government.

Uncertain policy

In fact it is perfectly possible to argue that Japan does not know exactly what it does want in terms of foreign policy these days, other than to adhere closely to the alliance with the US. This explains the dusty reception given to Mr Gorbachev's most creative proposal, the convening of an Asian security conference comprising Japan, the Soviet Union, the US, China and India.

This was construed by the Japanese as an attempt principally to undermine the US military presence in the region and hence Japanese national security. There are elements in the Japanese Foreign Ministry and elsewhere who correctly believe the time is near to explore regional security issues in a way which does not necessarily involve the re-emergence of an independent and offensive Japanese military capability. However, their case is weakened by the patent political uncertainty surrounding the future direction of the Soviet Union, and to a lesser extent China.

Nevertheless, in the longer run, Asian security cannot remain on the back burner. The conventional view is that the Soviet Union would need to settle European and superpower arms relations first before turning to Asia, but that assumes a largely military definition of the term "security".

As an economic power, Japan should know better than most that security should not be so narrowly defined. Indeed, the US probably would like Japan to assume greater policy and regional burdens that play to its economic strengths without sacrificing its military relationship with the US. The Tokyo summit provided an opportunity to start this ball rolling and it is to be regretted that it was not grasped.

Peter Norman on the UK Treasury's new boss

Pragmatic outsider on the inside track

If Mr John Major were looking for someone to symbolise his ideal of a classless Britain, he would need to go no further than Sir Terence Burns, his new permanent secretary to the Treasury.

Sir Terence is nothing like central casting's ideal of a top Whitehall mandarin. Instead he is a courteous, down to earth northerner, who retains more than a trace of a Geordie accent despite working in London for more than 25 years. But to typecast him simply as a northern lad made good would be to ignore the powerful influence that he has had over economic policy making in Britain since first becoming chief economic adviser to the Treasury in 1980. It would also belittle the Treasury's special place in Whitehall as a department where merit makes it to the top.

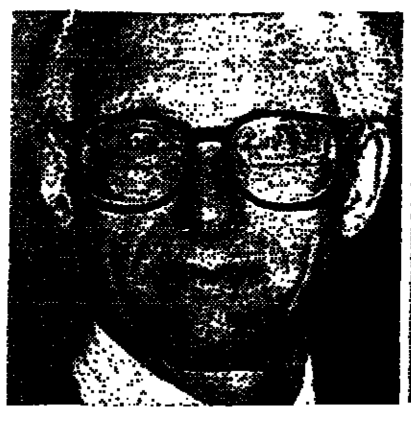
Sir Peter Middleton, the outgoing permanent secretary, was himself an example of the Treasury's meritocratic culture, having started out in life, like Sir Terence, as a northern grammar school boy. But whereas Sir Peter has always appeared the archetypal *eminence grise*, Sir Terence has eschewed patrician ways.

Only 47 years old, he appears a man without "side," as they say in the north. He seems happiest when talking about golf, the performance of Queens Park Rangers football club, which he supports, or music.

It is a genuine performance but is often used to deflect questioners from finding out too much about his views on economic policy. For Sir Terence is discreet. As yesterday's news shows, he is also ambitious. And he has shown a remarkable capacity to escape blame for the economic policy mistakes of the past 10 years.

His arrival at the Treasury 11 years ago caused genuine surprise. As an economist of strong monetarist leanings, he was recruited in 1980 by the then recently-elected conservative government from the London Business School, where he had risen to be both a professor and director of its Centre for Economic Forecasting.

He quickly made his mark in Great George Street by helping to devise the medium term financial strategy, which marked the end of attempts to fine tune the economy through fiscal changes. The subsequent evolution of the strategy from one based on monetary targeting, through various permutations of monetarism to one based on sterling's membership of the exchange rate mechanism of the European Monetary System is evidence of a pragmatic approach.



SIR PETER MIDDLETON

- 1934 Born April 2. Educated Sheffield City Grammar School, Sheffield and Bristol universities.
- 1962 Senior information officer, Treasury.
- 1969-72 Private secretary to chancellor.
- 1972-75 Treasury press secretary.
- *1975 Head of Treasury monetary policy division.*
- 1976 Treasury under-secretary.
- 1980-83 Deputy secretary.
- 1983-91 Permanent secretary.

SIR TERENCE BURNS

- 1944 Born March 13. Educated Houghton-Le-Spring Grammar School, Manchester University.
- 1965-70 Research posts at London Busines School.
- 1970-79 Lecturer and senior lecturer in economics, LBS.
- 1976-79 Member Treasury Academic Panel.
- 1979 Professor of economics, LBS.
- 1980-91 Chief economic adviser to Treasury and head of Government Economic Service.

He has always laid stress on the importance of controlling inflation. This raises one awkward question: what was he doing in between 1986 and 1988 when the seeds of the late inflationary upsurge in the UK economy were being sown?

It was quite easy for outsiders to sense that Sir Peter Middleton was deeply unhappy with the course of events. Sir Terence was more cryptic.

If he felt discomfort in the latter years of Mr Nigel Lawson's chancellorship, he hardly showed it. Indeed, in May 1989, after having been the government's chief economic adviser for nearly 10 years on short term contracts, he finally became a professional civil servant.

Mr Lawson's resignation and Mr Major's appointment as chancellor in October 1989 gave his career a new lease of life. He quickly became an admirer of the new chancellor, and was heard shortly after Mr Lawson's departure to say that he thought Mr Major "had real star qualities".

Sir Terence also appeared to revel in the greater freedom that he enjoyed under a minister with less experience and economic expertise.

By the time Mr Major became prime minister, it was clear that Sir Terence was one of his close advisers. "He listens a lot to Terry," one of Mr Major's advisers said at the time.

At first sight next month's jump from chief economic adviser to permanent secretary looks a big one. He will be in charge of 3,000 people and be the chancellor's senior adviser on macroeconomic policy.

But as the government's chief economic adviser, Sir Terence has been no ivory tower economist. He has been head of the government economic services since 1980 and sits on all management committees in the Treasury. His role in policy making and departmental management has been of increasing importance, almost as if he had been preparing himself for the top Treasury job.

Consolidating counter-revolution

Samuel Brittan looks at the doctrinal aspects of Burns and Middleton

Sir Terence Burns is the first chief economic adviser to make it to Treasury permanent secretary. He is, for that matter, the first card-carrying economist to do so. Nevertheless, there is nothing surprising about the changes. Sir Terence (or "Terry", as he is universally known) has had a much wider range of interests than previous economic advisers, who were expected to concentrate on the short-term forecasts.

Burns was a policy strategist as well as analyst. (Indeed he was often referred to as "Treasury strategists" in reports of non-attributable briefings). He was understandably more interested in his share of Treasury administration than in the more arcane minutia of the latest journal articles; and he was widely respected even by those who disagreed with him. He would almost certainly have obtained the Number One position had Mrs Thatcher still been prime minister and Mr Lawson chancellor.

Thus yesterday's announcement is a consolidation. The real revolution – or rather counter-revolution – goes back to 1979, when Burns was appointed chief economic adviser at the age of 35 over the heads of many establishment economists, earning headlines like "Maggie's most unlikely mandarin". He was a miner's son who had grown to distrust the mainstream Keynesian orthdoxy for pragmatic, not political reasons.

The counter-revolution goes back even further to the mid-1970s, when Sir Peter Middleton, as a young official, began taking seriously magnitudes like the money supply and the public sector borrowing requirement. Mr Denis Healey, who was then Labour chancellor, had a lot of time for Middleton's heresies, despite his own remarks about "punk monetarism". Healey actually welcomed Middleton's appointment as permanent secretary in 1983.

Nevertheless, with the advent of the Conservative government Middleton and Burns could move more overtly to the new approach. The main sponsors of the medium term financial strategy were Sir Geoffrey Howe and Nigel Lawson rather than the more sceptical Mrs Thatcher.

The reaction against technical monetarism, when inflation nosedived in the early 1980s, despite sky-high M3 numbers, posed problems for all these people. But perhaps slightly less for Burns than for Middleton, as the former had never really been a City-type monetarist and soon devised the notion of a "nominal framework" which could encompass either money supply or exchange rate objectives.

But it left little room for the post-war idea of a government spending its way into full employment – a notion already discarded by James Callaghan. However, conversion did not come easily either to the Labour party or to Conservative "wets". Roy Hattersley declared that he would not expect to work with Burns if he became chancellor. The present shadow chancellor is far too shrewd to make such statements and would in all probability be glad to take advantage of Burns's experience.

Burns and Middleton have both been advocates of a strong and stable exchange rate and of ERM membership for purposes of economic policy. Bu they have not pretended to be enthusiastic Eurocrats. Unlike many other monetarists, Burns was always sceptical of floating exchange rates and could live with a European currency, although he probably feels more culturally drawn to the US or even Japan than to Europe.

But they regard these ultimate matters as ones for politicians. Middleton, indeed distanced himself from Lawson's shadowing of the D-Mark as much because of his belief in prime ministerial decision as for more technical reasons.

Both men share the credit for establishing a new framework which is likely to remain which ever party is in power and whoever is chancellor. But together with the Bank of England and most other economic analysts, they failed to see the demand inflationary effects of the credit liberalisation of the 1980s.

Treasury watchers will be interested to see if a new chief economic adviser is appointed, or whether Burns prefers to advise himself. There would be a certain cunning in keeping the position vacant until after the next election. A Labour chancellor will then be able to appoint his own economic adviser without the bitterness involved in replacing anyone else. A Conservative or minority government would be able to move up Bill Robinson, Norman Lamont's personal adviser, or Rachael Lomax, the present deputy chief Treasury economist, effortlessly into Burns's old job.

Either way we would be back with a happy Treasury, with only the perversities of the British labour market and outside shocks to disturb it.

Into the deep end in the City

Richard Waters on the latest change in Barclays' top echelon

The game of musical chairs that has kept the directors of Barclays Bank busy in recent weeks has taken its most significant turn with the arrival of Sir Peter Middleton.

The man from the Treasury is to be thrown headlong into running the group's nascent markets and investment banking division, being formed out of Barclays' own treasury operations and Barclays de Zoete Wedd, the investment subsidiary created at the time of Big Bang in 1986.

Investment banking has been a graveyard for many illustrious careers in London in recent years – a point reiterated yesterday with the departure of Mr Howard Macdonald as chairman and chief executive of NatWest Investment Bank.

Sir Martin Jacomb, 61, who will make way for Sir Peter at the start of November, has largely managed to avoid the graveyard. By common consent, BZW, whose creation he masterminded, has been one of the more successful integrated investment banks in London.

That judgment is relative, though. It scarcely makes it an unqualified success. BZW made only £5m profit last year, after disastrous losses in its equity division. By any normal test of performance, its first four years seem a very expensive mistake for Barclays. Rather than a success, the best that can be said for it is that BZW has not been as big a failure as others.

A year ago it was Nigel Lawson, the former chancellor, who was being tipped as the next boss of BZW. Mr Lawson joined the bank as a consultant, working two days a week, at about the same time that Sir Martin Jacomb's initial five-year contract with BZW expired.

As it was, Sir Martin agreed a further contract with no end date specified. Colleagues now say that he was persuaded to stay to oversee the creation of Barclays' new markets and investment banking division, and that his departure should come as no surprise. Mr Lawson himself gave up his BZW consultancy work a month ago, citing the need to spend more time writing his memoirs.

In the increasingly crowded boardroom at Barclays, meanwhile, Sir Peter will sit alongside Sir Martin and Mr Lawson, both of whom will remain directors of the parent. He will become the third deputy chairman on the board – alongside Sir Martin and Mr Andrew Buxton. Mr Buxton was made a deputy chairman *only two days ago.*

These changes come at a time when Barclays is still trying to fill the gap on its board left by Mr Brian Pearse, its finance director, who departed to become chief executive at rival Midland Bank in a surprise move last month. Mr Pearse's shoes are being filled temporarily by Mr Humphrey Norrington, who was himself elevated to the position of vice-chairman this week. A full-time replacement is expected.

Sir Peter's arrival has already prompted suggestions that, in the longer term, he is seen as a successor to the bank's chairman, Sir John Quinton, who is 61.

But Barclays is keen to stop the game of musical chairs at this point. "The issue of succession does not arise," the bank said. "Sir John will continue for several years yet."

OBSERVER

Send for the mandarins

■ The reshuffles at the top of the investment banking arms of Barclays and National Westminster Bank may look exciting, but they are just another round in an expensive game of musical chairs. It is far from clear why a couple of ex-Treasury mandarins should be any better than anyone else at investment banking.

Strip away the public relations and here are a couple of businesses which have not been doing at all well. Because of the problems over the Blue Arrow affair, NatWest Investment Bank has looked most vulnerable. But Barclays' BZW has not done all that much better. It has been obvious for some time that it was going to have to look outside for a successor to Sir Martin Jacomb, if Barclays insisted on trying to keep up with the big boys.

The suddenness of the departure of NatWest's Howard Macdonald is more surprising. He was always regarded as a stopgap but no one expected him to go this quickly. Given his undoubted credentials as an oil man, he should at least have been allowed to retain a seat on the main NatWest board. The argument that there were no vacancies, because NatWest's new chairman Lord Alexander wants to reduce the size of his board, does not sound convincing.

Coming after last month's abrupt departure of the chairman of the loss-making NatWest Bancorp, it seems to indicate a more ruthless streak at the top of Britain's most comfortable clearing bank. This is not before time. But there is still plenty of deadwood left near the top of the core clearing bank, my Lord.

As for the idea of bringing ex-civil servants into the top management positions, the case to date is far from encouraging. Midland Bank is the prime example of a bank that has tried this route and failed. It says something about the paucity of good management in the clearing banks, and their traditional deference to Treasury civil servants, that the experiment is being tried yet again.

Illuminating

■ The curriculum vitae of South Africa's new ambassador in London, Kent Durr, portrays an envoy of some distinction.

He has not only been minister of trade, industry and tourism, an underwriting member of Lloyd's, and managing director of a successful property company. He was among the top 12 students when he qualified for the Chartered Institute of Estate Agents. What's more, he holds an "illuminated scroll and citation" from the South African institute of same to mark his contribution to the property industry.

Such attainments, the CV adds, have earned him a place in Who's Who in the World and Men of Achievement, 1980-89. His recreations include mountaineering, yachting, gardening, and reading (particularly history) – "wide and diverse interests held together by his enormous energy."

A further distinction somehow omitted from the list is that 49-year-old Durr was one of only two English speakers in his country's otherwise Afrikaans cabinet. But that, I'm assured, does not mean Pretoria has downgraded the London embassy.

Good old boys

■ There was never any chance that Sir Derek Alun-Jones, the former chairman of Ferranti International, was not going to be re-elected to Royal Insurance's board, despite the opposition of the Ferranti family trusts.

The luckless Sir Derek may

be the target of a personal vendetta, but Royal is one of those big and poorly managed financial institutions which packs its board with heavy-weight figures. Sir John Cuckney, Royal's well-connected chairman, could have used yesterday's annual general meeting to justify the various reappointments to his board. The fact that he didn't reinforces the impression, however misplaced, that membership of the various City networks is still the main qualification for appointments to a great many boards.

Heir apparent

■ Speculation that Helmut Kohl is tired of office has been rife in Bonn since the chancellor last week unexpectedly confirmed that he regards interior minister Wolfgang Schäuble as his heir apparent.

Schäuble, confined to a wheelchair after an attack by a deranged gunman in October, has made a plucky job of coming to terms with his disability. Still more important, he is probably the most intelligent man in the cabinet.

Bonn insiders have long known that Kohl had selected Schäuble as a possible successor, and the chancellor's support for Schäuble seems even to have strengthened after the attempt on his life. One Kohl adviser said a few months ago that had it not been for the shooting, Schäuble would have been a contender to take over perhaps in only two years' time. As it is the most likely moment for the succession was in the next legislature period starting in 1995, he said.

What has surprised observers is that Kohl has chosen the present period of political turbulence – caused by the economic crisis in eastern Germany – to make his deliberations public. Kohl's ruminations, delivered on the eve of regional elections in his home state of Rhineland-Palatinate, may have been partly tactical – to show the party and the nation that he knows he is not indispensable. Even though Kohl is certainly not enjoying his job as much as he did last year, things will have to get much worse before he thinks seriously of giving up.

DIY mission

■ International airports are designated by a three-figure code which you can always spot on baggage tags. The code for Heathrow, for example, is LHR, Hong Kong HKG, and Singapore is SIN, although Bangkok would probably be more appropriate.

Ironically, the code for Diyarbakir airport in southern Turkey near the Iraqi border, where flights carrying food and clothes for Kurdish refugees have been landing, is DIY.

Last Friday, a British Airways Boeing 757 with volunteers and 21 tonnes of supplies for the refugees landed at Diyarbakir. There was confusion at the airport where several other aircraft were already sitting on the tarmac waiting to be unloaded. The BA crew indulged in a little DIY by unloading the aircraft themselves.

BR approaches the market junction

Divide and sell: British Rail's operations will be segmented before they go to the private sector. **Richard Tomkins** on how it might be done

Privatising British Rail was never going to be easy. This week's news that BR's call on government funds had soared 60 per cent beyond budget to £1bn in the year to March 1991 served to remind would-be purchasers of BR's unappealing financial qualities. Reinforcing the message is the threat of industrial action lurking behind the rail unions' rejection of BR's 6.5 per cent pay offer.

Yet those who thought the pressure for a sell-off would ease when Mrs Thatcher resigned were wrong. Mr John Major has made it clear that BR's privatisation has moved up the political agenda. If the Conservatives win the next election, the necessary legislation will be sought early in the next parliament.

Whatever Mr Major's reasons for pressing ahead with BR's sale, he is not in it for the money. Although the balance-sheet value of BR's assets has been put at £10bn-£15bn, the main concern of buyers will be the railways' earnings potential, particularly if strings are attached to asset disposals: so BR's poor financial performance is likely to produce an equally poor price.

A better reason is that, for the first time since nationalisation in 1948, the railway industry has entered an era of growth. Increasing road and air corridor congestion has brought the need for heavy new investment in rail infrastructure which public ownership is ill-equipped to meet.

As long as BR is owned by the state, its borrowing counts as public borrowing and is fixed in the context of competing demands from other government services. As Sir Bob Reid, BR's chairman, complained in February, however badly needed or potentially profitable a rail project may be – if the money needed to undertake it exceeds Treasury limits, it cannot go ahead.

A second good reason for privatisation is the widespread feeling that it would sharpen BR's management and marketing. In spite of attempts to induce a more customer-oriented attitude at BR, operational expediency still tends to triumph over customer care, as with the frequent closure of restaurant and buffet cars long before train journeys end.

Suggesting why BR should be privatised is easier than deciding how. The ministerial group studying the problem – Mr Roger Freeman from the Transport Department, Mr John Redwood from Trade and Industry and Mr Francis Maude from the Treasury – is far from reaching conclusions.

One option which has been ruled out, however, is selling BR off as a single company. Although attractive for its simplicity, this would substitute a private monopoly for a public one; and the company would remain beholden to the state in perpetuity because of the large subsidies it would need for the operation of the Regional Railways services, many of which will never run at a profit.

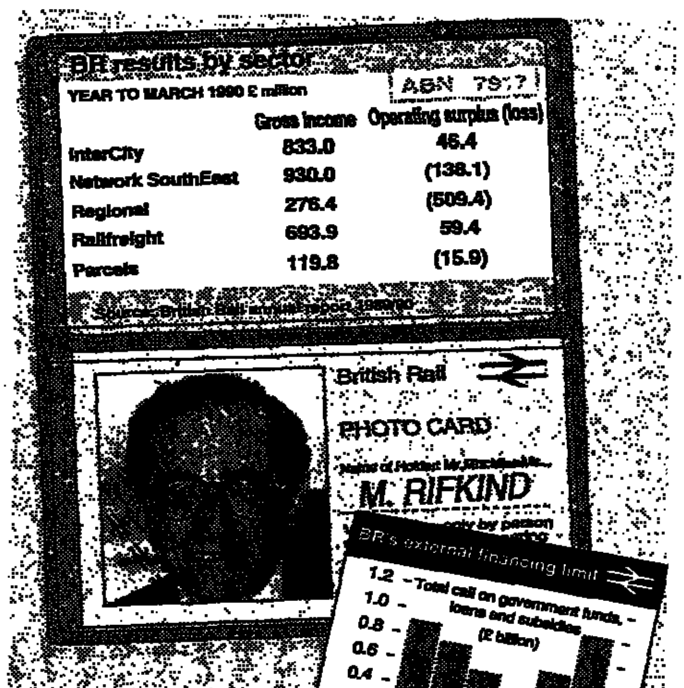
Equally unlikely is the notion of splitting the network into units based on the existing regions – western, southern, London Midland and the rest. This would still leave the new companies drawing off state subsidies for their loss-making services, and would lead to an illogical fragmentation of the marketing and operation of BR's InterCity, Railfreight and European passenger services.

A more attractive variant of this idea is the one advanced by the Centre for Policy Studies. This would carve BR into about 12 companies based on "route segments" such as the old London & North Western Railway network running from London Euston to Birmingham, Manchester and Glasgow.

The virtue of this proposal is that it recognises the traffic flows which formed the rationale for the railways' construction. There would also be competition between rival routes to some places, such as Scotland.

This solution, however, still does not solve the problem of subsidies; and although the fragmentation of the network would be along more logical lines than under the regional plan, it could also discourage the evolution of national and international services.

One solution which overcomes these objections is the one advocated by the Adam Smith Institute. This would see BR's track, signalling and stations hived off to a separate track authority, leaving BR owning just the trains. BR would then be split and sold off, after which its parts would compete in the private sector with anyone else who wanted to enter the market as a train operator.



BR results by sector

YEAR TO MARCH 1990 £ million

	Gross income	Operating surplus (loss)
InterCity	833.0	46.4
Network SouthEast	930.0	(138.1)
Regional	276.4	(509.4)
Railfreight	693.9	59.4
Parcels	119.8	(15.9)

One of the attractions of this option is the opportunity it would create for competition. As with airports and airways, stations and tracks would be available on equal terms to any operator who wished to use them. The problems associated with fragmentation of the network would be avoided. And loss-making regional services could be put out to tender on a line-by-line basis, with 10-year franchises going to the companies which wanted the smallest subsidy to run them.

However, Mr Malcolm Rifkind, the transport secretary, is opposed to this solution. He believes it would create a big and dangerous monopoly. Track costs account for roughly 45 per cent of the costs of running a rail service, he says. How could any company operate sensibly with such a high proportion of its costs controlled by a monopoly supplier?

The track authority, whether public or privately owned, would have little incentive to operate efficiently. Any decision to update the infrastructure would present formidable problems: for example, modern signalling and automatic train protection systems could not be introduced without parallel investment in improved trains.

Mr Rifkind prefers a less radical and more workable solution. He believes BR should be split along the lines of its existing business sectors (InterCity, Railfreight, Regional Railways, Network SouthEast and Parcels) and privatised piecemeal.

Two important components of this plan would be, first, that no sector or company would be permitted to exercise a monopoly over the use of its tracks; and second, that track costs would have to be identified separately from running costs under the supervision of a regulatory body, so that all track users would be free to compete on an equal footing.

Once these pre-conditions had been achieved, the first candidate for privatisation would be the profitable Railfreight division. Owning little track of its own, it would be mainly a train operator, running its services over BR's tracks and paying BR the same track fee as any other private-sector freight train operators which cared to compete.

Next most likely candidate would be InterCity, which has also made modest profits recently. This would probably be sold as a complete operation comprising trains, stations and mainline tracks, though it could be sub-divided into route segments. Its own trains would continue to dominate the network, but other would-be express train operators would be free to enter the market on equal terms, paying InterCity a fee for use of its tracks.

If and when Network SouthEast became profitable (the target for ending subsidies is 1992-93, although that looks like slipping) it could be privatised as a single entity or split into northern, southern, and eastern sectors. Alternatively, it could be divided further into independent lines such as the London Tilbury & Southend and the London Brighton & South Coast railways.

Mr Rifkind does not envisage much competition between different operators' trains on Network SouthEast. Constraints on track capacity would not allow it. But dividing the network into sub-groups would allow the performance of different operators to be compared.

Finally the loss-making regional lines, as under the track authority option, would be put out to tender on a line-by-line basis, with the companies requiring the lowest subsidies getting the franchises to operate the tracks and trains.

The weakness of the Rifkind scenario, as with some of the others, lies in its fragmentation of the track network. International freight distributors in the north, faced with the task of negotiating track paths with a regional railway operator, InterCity, a Network SouthEast operator and Eurotunnel before even reaching the Continent, might well conclude that road transport offered an easier solution.

But possibly the bigger hurdle is the political one. Mr Rifkind might have ruled out the track authority option, but many on the Conservative right are wedded to it. The final arbiter will be Cabinet: meanwhile the lobbying can only grow more fierce as the options begin to crystallise.

Joe Rogaly

Opportunity Labour

There is a rich treasure of jobs for the girls and boys in Labour's new policy statement. Perhaps that is why it is called Opportunity Britain. New organisations abound. Here are just a few: Skills UK, for training; a network of Technology Trusts, for you know what; a National Investment Bank, for heaven knows what; new English regional development agencies, to make up for the Scots having one; a Quality Commission for the health service; a sensible new Education Standards Council . . . and I have only just begun. It is, however, premature to start putting your name down. First we must ask two questions. Will they be in a position to do any of it? If so, when?

Not this year, unless Mr John Major is silly enough to call an election without first being sure that he can win. No one is calling Mr Major silly this week, after his quiet persistence on havens for the Kurds has paid off so well. So talk of a June or October contest only makes sense if you assume that the opinion polls will be running strongly in the government's favour at the time. If so, the election will be called this year – but by definition Labour will not then be so favourably placed as it thinks it is today.

Well then, perhaps next year, because the government cannot hang on beyond June 1992. I have no more idea than you do of how the polls and portents will look 12 months from now, but it seems probable that inflation and interest rates will be down, the community charge will be de-fanged, and the climb out of the recession will be under way. Against that the government is likely to face a mounting budget deficit – £15bn is a figure that has floated around the Treasury – and a consequent need to borrow that will make tax cuts difficult to justify. Meanwhile unemployment is likely to have risen to the 3m mark or thereabouts, which cannot help the Tories.

It is this uncertainty that keeps Labour buoyant. Perhaps they can win handsomely, they tell themselves; if not that then perhaps just a tiny majority? On current trends it is easier to see the Tories losing their overall majority – that is, looking for a deal, or allowing Labour to make a deal, in a hung parliament. The difference is important. Anything short of a victory with a convincing majority would mean that Mr Neil Kinnock would at best have to cling to power by his fingertips for a year or so in the hope of winning properly after that.

Right. Now we can go back to Labour's blueprint. How much could be put into practice in the circumstance most realistically imaginable – a House of Commons in which every vote would be a cliff-hanger? Not much – and a great deal. Matters that require big new set-piece bills, like a Scottish assembly, or nudging opted-out schools back into local authority control, or changing competition policy, would struggle for parliamentary time. Getting them through would be difficult. But

Labour could travel a long way using the Thatcher legal inheritance

changes that can be made by ministerial fief, such as adjusting the national curriculum, would be far easier.

This is where the Conservatives may come to regret some of their own legislative and administrative habits. So much of the Thatcherite legacy is in the form of enabling acts – laws enabling ministers to do much as they please, often through delegated legislation – that Labour could travel a long way using the Thatcher legal inheritance. This applies to most areas of government, including the health service reorganisation, some of the arrangements for industry regulatory bodies and even the proposals to establish a partnership in industry.

Every shadow minister is working on ways to implement the huge programme announced on Tuesday without troubling the House of Commons over-much; some are being assisted by the permanent secretaries of what they hope will be their future departments. It is not Mr Major's style to stop this. Under his gentlemanly regime ministers are reverting to the practice of checking new appointments to official boards and committees with their Labour counterparts. Some of the latter hopefully read this as a sign that the Tories are reconciled to opposition. Others, perhaps with their feet closer to the ground, plan for every contingency.

For example, the shadow minister responsible for water, Mrs Anne Taylor, is in intermittent discussion with the industry itself. They tend to return her calls fastest when the Labour lead in the opinion polls is highest. A northern woman blessed with common sense and an effective relationship with Mr Kinnock, Mrs Taylor is evidently set fair for further promotion. She is clear about what she could do without needing a parliamentary bill. The water industry regulator would receive fresh instructions on costs passed through, "excess pricing", and the like. She points to the very sub-clauses in the Water Act that would enable her to issue such orders to Mr Ian Byatt, the director-general of the Office of Water Services.

All of the above is some compensation for probably not being able to buy back the water companies since that would require a strong Labour majority, the establishment of regional authorities, and a willingness to divert perhaps £30bn to buy water shares and invest in new plant. Even just purchasing control for, say, a third of that would be an absurd priority for Labour, although Mrs Taylor argues that regional pension funds might do the job.

There is plenty that Mr Gordon Brown, the shadow industry secretary, could do at the stroke of a ministerial pen. The national investment bank could be established by the Bank of England under existing rules. The technology trusts could be set up as informal organisations. How would they be paid for? The Tories have provided a convenient method. There is a technology budget in the Department of Industry, and the preferred practice is to let out contracts to non-governmental bodies. I am sure that Mr Brown would be delighted to pick up and use this Conservative device for Labour purposes. It is a piquant prospect, probably the most that he can aspire to short of a political miracle.

LETTERS

The price of placing another tax on property

From Mr B.M.L. Coulson.

Sir, I am surprised that such a level-headed newspaper as yours should be advocating introducing capital gains tax on owner-occupied housing (Leader, April 16).

Apart from the political unpopularity of such a tax there are other complications.

Such a tax would be index-linked. It would also have to recognise the total cost of the property. The price paid to a seller for a property is mostly not the total ultimate cost of the property to the buyer; it would be inequitable if the often enormous cost of financing the purchase was not included. If it was omitted you would be taxing an illusory gain.

At the same time there would have to be allowance made for maintaining the property's fabric, an escalating cost in the case of old houses.

Since the price of a house may often be affected by the quality of the decoration and permanent fixtures, any improvements on that side would have to be allowed also. After all this it is doubtful that much gain would be left to tax.

But you give the game away when you say that there would have to be roll-over relief. Of course, without such relief people would stop moving house which could lead to the owner-occupied market becoming as sticky as the rented market has become.

On the other hand, roll-over relief would complicate the decision on moving to a smaller property. Well-off movers would tend to go for smaller houses at the top end pushing prices there up in order to use up their relief.

Those less well-off seeking, perhaps in their declining years, to release some equity to fund their retirement by trading down would be penalised by having to pay CGT and would seek to maximise their sale price in compensation.

I would suggest that the introduction of CGT on housing, if it was equitably structured, would raise little, cost a great deal to collect and be irrelevant.

If the structure was inequitable it might raise a lot of revenue, but it would be more unpopular than the poll tax and lead to serious distortions in the housing market, with absolutely no guarantee that it would have any effect on house price inflation. In short, a poor idea.

B.M.L. Coulson,
9 Brodrick Road,
SW17

Swings and roundabouts

From Professor George Jones.

Sir, It was amazing to see David Butler using words such as "distort" and "aberrations" to describe local government election results that deviated from a uniform national swing (April 11). These elections are not national opinion polls; nor are they designed to select MPs. They are to elect local councillors.

People do not always vote the same way in local elections as they do in a general election; at least a fifth vary their vote. Local issues, such as the poll tax and standards of service, can produce very different swings in different areas.

These variations are not aberrations or distortions. A uniform national swing in such elections would be an aberration.

George Jones,
professor of government,
London School of Economics and Political Science,
Houghton Street, WC2

Banking on Little England

From Mr Raymond Bradley.

Sir, Mr Russell's point about the UK insurance industry's approach to the EC and 1992 (April 12) is well taken. I have returned to the UK after working in Belgium for 15 years. Although I have a maximum no claims bonus I was hard-pressed to find a UK insurer to allow me to maintain it.

Town and Country building society made me feel like a criminal when I asked to open an account because I did not have "residence in the UK for the last three years". Natwest Bank, where I regularly cash my Eurocheques, cannot decide whether I have to go to the main counter or to the "foreign till". The cheques are, of course, drawn in sterling!

I used to believe that, come the single market, UK financial institutions would rise to the challenge.

Raymond Bradley,
57 Sapperton,
Werrington,
Peterborough

Computer users in conflict

From Mr P.B. Livesey

Sir, Your article on the proposed software directive refers to the struggle between computer groups, large and small (April 17). There has been total disregard of the opinions of most interested parties, namely computer users in business, education and government (both local and central). If the directive is approved, it will increase costs and restrict the flexibility of most computer users in the UK and Europe.

The MEPs, who condemn the lobbying should ask why it is taking place. Users, such as ourselves, who have substantial investment in technology were not consulted by the DTI or the Commission before the "compromise was thrashed out" in December. If we had been consulted, we would have made it clear that it is unworkable and in conflict with the competition objectives of the Commission. It is essential that either the amendments are adopted or the Council of Ministers does not approve the unamended version.

P.B. Livesey,
director, information services,
House of Fraser,
1 Howick Place, SW1

Misleading smoke signals

From Mr Guy Liardet.

Sir, This must be about the 10th letter I have written to London-based national newspapers on the subject of cooling towers, industrial pollution and picture editors. Your photograph illustrating John Hunt's article ("Industry on the warpath to fight greenhouse battle", April 17) about industry's attitudes to the greenhouse effect commits the usual solecism: the efflux from cooling towers looks like Black Country smoke and reinforces that stereotype, but is in fact nothing more than water vapour as anyone living north of the Watford Gap could have told you.

Next time, use real and contemporary smoke. But it won't be as spectacular, I'm afraid.

Guy Liardet,
Chemical Industries Association, Kings Buildings,
Smith Square, SW1

Firm conclusion

From Mr A. G. R. van Terheyden.

Sir, You report Nicholas Brady as saying that the US "cannot be asked to negotiate the same issue twice – once with the EC as a whole and then again with the individual member states" ("New bank offers City central role in Europe", April 16).

One can but agree. By the principle of subsidiarity, once the US has successfully concluded negotiations with the EC, they should be just that: concluded.

A. G. R. van Terheyden,
59 Sutherland Chase,
Ascot,
Berkshire

Directive on copyright law

From Mrs E. Singleton.

Sir, It was reported in the FT that the EC software directive may be in jeopardy ("Brussels fears for software directive", April 17). This directive was described as aiming to extend copyright laws to computer software.

This is not quite accurate. In several member states, including the UK, software is already protected by national copyright law.

The directive will require all member states to, *inter alia*, bring in national legislation to protect computer software by copyright law. Depending on the final form of the directive, the UK may need to amend the Copyright Designs and Patents Act 1988.

E. Singleton,
Bristows Cooke & Carpmael,
10 Lincoln's Inn Fields, WC2

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set the fax machine for fine resolution.

FINANCIAL TIMES
Friday April 19 1991

GORBACHEV-KAIFU SUMMIT

Japan-Soviet row left unresolved

By Stefan Wagstyl and John Lloyd in Tokyo

THE SOVIET UNION and Japan last night failed to bridge the gap which has separated them since 1945.

Soviet hopes that President Mikhail Gorbachev might secure a new source of aid for his ailing economy ended in disappointment, despite late-night efforts and no fewer than six summit meetings with Mr Toshiki Kaifu, the Japanese prime minister.

A joint communiqué, signed with ceremony at midnight, did no more than commit the two parties to further talks on the territorial dispute over the four Kurile islands, or Northern Territories, which has plagued relations since the Second World War.

Despite repeated efforts, Mr Kaifu failed to win any acknowledgment of Japan's claim to the Soviet-held territory. The main concession was the Soviets' explicit recognition – for the first time since 1956 – of the existence of the territorial issue.

The Soviet side also agreed to reduce the number of troops on the islands (the Japanese had asked for their complete removal) to allow Japanese visits without visas and start mutual economic activities there.

Speaking at a press conference early this morning, the Soviet leader said the two sides could feel more confident about making a breakthrough in the future, "but everything is ahead of us."

Mr Kaifu and Mr Gorbachev, on his first visit to Japan, held a total of six sessions totalling more than 10 hours of talks devoted to the issue, which Mr Gorbachev later described as the toughest he had had for some time.

Mr Kaifu, in a press conference early today, said he hoped that after 45 years of waiting, talks which would lead to a peace treaty would now be accelerated. The territorial dispute has blocked the signing of a Second World War peace treaty.

It became apparent even before the communiqué that the hope invested in the meeting had been excessively optimistic. Soviet desperation for aid and technological help had bred an expectation that a "sale" of the islands might yield at least $20bn. On the Japanese side, hopes were fanned by politicians who wished to make their mark on history with a peace settlement.

In the event, the domestic constraints on Mr Gorbachev – particularly the opposition of the military and Mr Boris Yeltsin, leader of the Russian Federation, of which the Kuriles form part – to concessions did not allow him to go as far as many thought he might.

As a result, the Japanese ban on substantial economic aid for the Soviet Union remains in force and large-scale private sector investment continues to be discouraged.

Japanese business leaders, who had already reacted coldly to Mr Gorbachev's plea for more investment, were mixed in their response last night.

Mr Eiji Suzuki, president of the Japan Federation of Employers' Associations (Nikkeiren), said: "We are disappointed because we had fairly high expectations."

However, Mr Gaishi Hiraiwa, chairman of the Federation of Economic Organisations (Keidanren), said: "The fact that the heads of Japan and the Soviet Union had frank discussions has itself a considerable meaning."

Editorial Comment, Page 20

Helping hand: President Mikhail Gorbachev and Japanese Prime Minister Toshiki Kaifu during celebrations at an international children's festival in Tokyo yesterday

Number of UK unemployed surges to 2m

By Rachel Johnson and Philip Stephens in London

UNEMPLOYMENT in Britain passed the 2m mark in March with the biggest monthly increase on record, unleashing fierce criticism of the government a fortnight before local elections.

The Department of Employment's announcement yesterday that seasonally adjusted unemployment rose by 113,000 to 2.1m last month led to heated clashes in the House of Commons over the government's economic record and reawakened speculation about the timing of the next general election.

The record rise pushed up the unemployment rate to 7.4 per cent, after 7 per cent in February. Unemployment has risen for 12 consecutive months and by almost 500,000 since the upwards trend began.

Mr Tony Blair, the opposition Labour party's employment spokesman, said: "Mr Major's classless society is now a jobless society for over 2m unemployed."

Separate figures deepened the gloom as the government announced the biggest fall in manufacturing output for three years.

Between January and February, output declined by 1.6 per cent. Officials said the rate of decline was increasing and there was no sign of the recession reaching a trough.

At Westminster, the rise in jobless prompted a scathing attack on the government from Mr Neil Kinnock, the Labour party leader, and appeared to all but close the already receding option of a June general election.

Opposition parties called for further cuts in interest rates which were echoed in private by some Conservative MPs.

Mr Norman Lamont, chancellor of the exchequer, however, told the House of Commons that cuts would depend on further falls in the inflation rate.

Figures published yesterday showed that average earnings across the whole economy rose 9¼ per cent in the year to February – after 9½ per cent the previous month. Smaller bonuses and a drop in overtime hours worked had produced the drop, officials said. It would be hasty to attribute it to an easing in inflationary wage settlements.

Close advisers of Mr John Major, prime minister, insist that an unexpectedly good result in the May local elections could yet persuade him to seek a new mandate in June.

But yesterday's figures, which confirmed that the brunt of the jobless rise is being felt in Conservative-held seats in south-east England, reinforced the view of most ministers that the autumn now looks the earliest possible general election date. There has been the first substantial rise in service sector unemployment – concentrated in the south-east – since 1982, with a rise of 82,000 in the last quarter of 1990.

Senior Tory MPs told Mr Major of their preference for an autumn election at a meeting earlier this week. Party managers received the same message from a general canvass of the views of Tory MPs.

But with any improvement in the employment outlook likely to lag the expected upturn in the economy later in the year, other senior colleagues believe that the prime minister would do better to wait until next year.

The Labour party plans an intensive campaign to taunt Mr Major for his refusal to call a summer poll, using it to reinforce its charge that the prime minister is a "ditherer".

Mr Michael Howard, employment secretary, said the UK unemployment rate was lower than the European Community average of an estimated 8.5 per cent last month. There were currently 1.3m more people in jobs than there were in June 1979, he said.

As the government was "clearly winning the battle against inflation," there would be a return to employment growth, he said.

For the short term, however, most economists expect unemployment to rise for another year.

Background, Page 7; Editorial comment, Page 20; Markets, Section II

Bangemann takes to the field in attack on Uefa goal

By Andrew Hill in Strasbourg

FORGET Paul Gascoigne and any of soccer's other heroes: when Martin Bangemann takes to the field, grown men quake.

Bulky Bangemann wears the distinctive blue shirt with 12 yellow stars of the European Commission. With his goal of an open internal market in sight, this fleet-footed right-winger has never seemed shy of tackling the protectionist defence.

In Strasbourg yesterday, the commissioner resumed the toughest match of them all: taking on the Union of European Football Associations (Uefa) over the vexed questions of player contracts and discrimination against foreign players.

But some members of the European Parliament fear the Commission's star striker may be about to bottle out.

So far, it emerged, the scores are about equal. Mr Bangemann has just nudged through a "gentleman's agreement" with Uefa reinforcing the principle that all professionals are free to leave for another club at the end of their contracts. According to Euro-lawyers, that should mean an end to continental European clubs' attempts to extract transfer fees from former players' new clubs.

However, it may not end the lucrative market for top players. Commission officials pointed out that there would still be a case for the new employer compensating the old for the cost of grooming a young Pele into an international superstar.

Uefa and the Commission have also exchanged pennants on another deal, under which national associations will have to allow each first division team to field at least three foreigners and two "acclimatised" foreigners in domestic league matches from the 1992 season onwards.

That will be a blow to Germany – Mr Bangemann's home side – which restricts its clubs to two non-nationals each.

But as football-mad MEPs emphasise, the new Uefa principles are still offside, according to the Treaty of Rome's rules on circulation of professionals and non-discrimination.

What is more, Uefa's insistence on a maximum of four non-nationals for each team in European club championships is unchanged. With the UK divided into four associations, a Welshman, Scot or Northern Irishman in an English team counts as a foreigner.

As Brian Simpson, a Labour MEP, points out: "That means Liverpool could be down to Peter Beardsley and John Barnes in a European match."

Mr Simpson, a qualified referee, wants Mr Bangemann to go further and press for complete non-discrimination: "I have a British passport and so does Ian Rush [Liverpool's Welsh international]: for him to be treated as a foreigner in his own country is absurd."

But Mr Bangemann seems resigned to the fact that when it comes to soccer, most players know how to stretch the rules. "Professional football is commerce," he points out.

THE LEX COLUMN

The rising cost of inflation

In the usual heartless way of the markets, yesterday's headline figure of 2m unemployed in the UK might have been received as good news. But the market is also a political animal. Not only is a perilous figure of 2.5m now on the cards by the year end. An unnerving 43 per cent of the last month's new jobless also came in the Tory territories of London and the south-east.

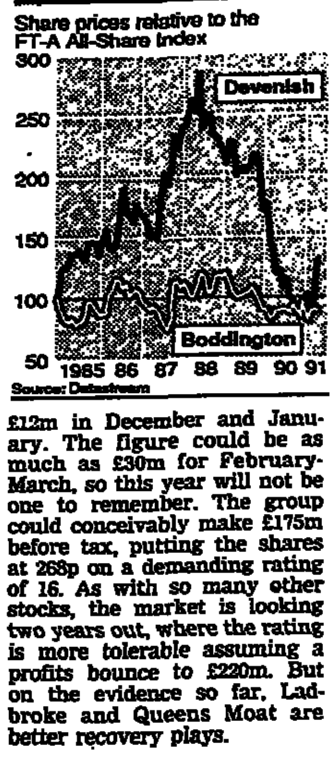
Taken with yesterday's reported sharp drop in industrial output, the figures are suggesting that the recession is worse than imagined. About the only bright spot was the 9¼ per cent rise in average earnings, the lowest figure for over a year. At the same time, the 12.1 per cent rise in unit labour costs was a sharp reminder of how slow inflationary pressures are to respond to economic downturn. There can be little doubt that the mechanism will work eventually; with unemployment rising at an average of around 100,000 a month and headline inflation plunging, wage inflation ought to be coming down sharply in the near future. The worry is rather the degree of pain it takes to achieve the desired effect. It is scarcely a good omen for the behaviour of the UK economy under the still untested disciplines of the ERM.

Trusthouse Forte

Trusthouse Forte has clearly been wondering how to restore its reputation. Last year's trading performance was somewhat better than expected, even if earnings were slightly worse. For trading profits from the hotels division to fall by only 5 per cent was impressive and occupancy rates are recovering steadily. But this was not enough to reverse the downward drift of its shares, which in relative terms are back where they were five years ago.

The group is shortly to begin a branding exercise on its hotel chains, suggesting that even after the undoubted success of the Crest acquisition, it has finally recognised its domestic limitations. But while THF might improve its act at the detailed level, it is too early to say that long-standing strategic questions have been answered by the £700m invested over the last three years. The recent deal with Repsol in Spain will eventually strengthen THF's continental portfolio, but it is still feeble compared with that of Queens Moat.

It is small comfort to know the Gulf profits effect was only £12m in December and January. The figure could be as much as £30m for February-March, so this year will not be one to remember. The group could conceivably make £175m before tax, putting the shares at 268p on a demanding rating of 16. As with so many other stocks, the market is looking two years out, where the rating is more tolerable assuming a profits bounce to £220m. But on the evidence so far, Ladbroke and Queens Moat are better recovery plays.



Source: Datastream

Blue Circle

Blue Circle has certainly displayed some nifty financial footwork of late. The net interest charge on £266m of net debt was a mere £1.1m in 1990, thanks mainly to round tripping on transatlantic interest rates and the benefit of a one-off tax rebate. Gearing is comfortable even when the convertible capital bonds are treated as debt, and with cash flow running strongly the company can be justly satisfied with its performance at this stage in the cycle.

The immediate difficulty for investors is getting the timing of the upturn right. It comes as no surprise to hear that profits will slide further this year; but bulls of the stock will be disappointed that the board was not prepared to forecast recovery before mid 1992. UK cement did well to claw back market share in the second half, but there is still a question mark over how far the 7 per cent price increase will stick. Hopes for the home products side must be tempered by the group's strong exposure to the commercial property market.

In the longer term, much will depend on the calibre of the management. Blue Circle's recent acquisition record is hardly inspired, even if Birmid finally looks to have been sorted out. Latest evidence – an excellent five month result from Ceramica Dolomite and disappointing figures from Aalborg – is mixed. At least there was no speculative rights issue with yesterday's results. Investors ought to look carefully at the intended target when a cash call comes.

Slough Estates

Slough always needed a rights issue to relieve its balance sheet: the question was when and how much. In the event a convertible looks the sensible way to limit dilution, though the terms had to be generous and the £137m proceeds may not suffice for the longer term. The immediate effect is to cut gearing to a little over 50 per cent, a figure which could edge back above 60 per cent this year without asset sales. From the market's point of view the important thing is that the waiting is over. The shares will only prosper, however, with clear signs that the bottom has been reached in the industrial property cycle.

Boddington

About the only good thing to be said for Boddington's bid for Devenish is that it has a certain symmetry to it. Each group wants the other's pubs and neither wants the businesses attached. Boddington proposes to get rid of the Devenish brewery, which probably means closing it. Devenish sounds on the point of making the same decision for itself. There may or may not be a case for merger. There seems little reason for Boddington's shareholders to stump up a premium for control.

The central difficulty is that one group of pubs is in Manchester and the other is in the West Country, with nothing in between. It is hard to see any savings other than through the bulk buying of beer, which scarcely seems enough to recover the premium on its own. The market is meanwhile awash with some 3,500 of the least desirable pubs in the UK, all being sold by the big brewers to comply with government orders. From Boddington's viewpoint, Devenish represents nothing more than a portfolio of more attractive pubs which can be bought with shareholders' money. Since its opening offer of 210p represents less than the pubs are worth, there is no incentive for Devenish's shareholders to accept. If Boddington offers much more, there is no reason for its own shareholders to accept the deal either.

Outsider named at UK Treasury

Continued from Page 1

Tories", one Labour official said.

The 57-year-old Sir Peter, whose move to Barclays will be delayed until November under the rules for outside appointments for civil servants, has been permanent secretary since 1983.

Sir Peter, who becomes Barclays' third deputy chairman, will take over one of the banks' toughest jobs when he is scheduled to become chairman of its capital markets and investment banking operations.

He will succeed Sir Martin Jacomb, the barrister brought in by Barclays in 1985 to mastermind the creation of its investment banking operations, Barclays de Zoete Wedd, at the time of the Big Bang reforms in the City.

Sir Terence has a reputation as a pragmatist in the area of economic theory.

US trade deficit drops sharply to $5.3bn as oil imports decline

By Michael Prowse in Washington

THE US trade deficit fell sharply in February to a seasonally adjusted $5.3bn, the lowest since September 1983, the Commerce Department reported yesterday. The fall was due to a cut in the bill for oil imports coupled with the effects of domestic recession.

February's figure compares with $7.2bn in January and a monthly average of $8.4bn in 1990.

If the improvement is sustained, the trade figures for 1991 are likely to show a marked improvement on recent years. The merchandise trade deficit has exceeded $100bn every year since 1984.

A separate report showed a sharp drop in weekly claims for unemployment insurance. This was interpreted by financial markets as a sign that the rate of decline of employment is beginning to bottom out. Bond prices fell sharply in early trading as traders postponed hopes of further cuts in interest rates.

Mr Robert Mosbacher, commerce secretary, said the lower trade deficit reflected a long-term trend toward improved export performance. Exports fell 2.5 per cent between January and February to $33.5bn, but remained 6 per cent higher than in the same period last year.

Exports remain a source of relative buoyancy for the US economy but their rate of growth has fallen steadily in the past two years as demand overseas has eased.

The fall in February's trade deficit was mainly caused by a 6.5 per cent decline in imports from January to $38.8bn, roughly the same level as a year ago. Two thirds of it reflected a $1.1bn drop in the crude oil import bill to $2.8bn.

Oil imports were lower partly because of a recession-induced fall in demand for petroleum and partly because the average price paid per barrel fell by $4.40 to just over $18.

The non-petroleum trade deficit – a guide to the underlying trade balance – is continuing to improve. It fell to $2.5bn, compared with $2.8bn in January and a monthly average of $3.9bn last year.

Initial claims for state unemployment insurance fell 22,000 to a seasonally adjusted 451,000 in the week to April 6.

BSkyB in talks with Brussels

Continued from Page 1

viewers to switch between Pal and D2-Mac.

British-based television manufacturers yesterday threw their weight behind the drive to create a single European satellite standard. Lord Chapple, president of the British Radio and Electronic Equipment Manufacturers' Association, yesterday expressed support for D2-Mac.

Since the merger of BSB and Sky, heralding the demise of D-Mac, the British government has been exploring policy options with all those involved.

The Department of Trade and Industry will support Mr Pandolfi's efforts to reach a consensus. It is also placing considerable emphasis on bringing high quality pictures and wide screen television sets to the large majority of the population who do not have satellite television.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	9	48	Berlin	C	5	41	Caracas	F	30	86	Faro	F	17	63	Islamabad	F	28	82
Algiers	C	13	55	Biarritz	F	9	48	Casablanca	F	19	66	Florence	R	5	41	Istanbul	S	18	64
Amsterdam	R	6	43	Bombay	S	35	95	Chicago	S	6	43	Frankfurt	C	6	43	Jakarta	R	31	88
Athens	C	20	68	Bordeaux	C	9	48	Cologne	C	3	37	Geneva	C	5	41	Jersey	C	9	48
Bahrain	F	27	81	Boulogne	C	7	45	Copenhagen	S	5	41	Gibraltar	F	16	61	Johannesburg	S	23	73
Bangkok	F	36	97	Brussels	C	6	43	Corfu	S	21	70	Glasgow	F	10	50	[illegible]	F	25	78
Barcelona	S	16	61	Budapest	R	3	37	Dallas	C	18	64	Helsinki	F	3	37	Lisbon	S	14	57
Beirut	-	-	-	Buenos Aires	R	19	66	Dublin	C	10	50	Hong Kong	F	28	82	London	R	7	45
Belfast	F	10	50	Cairo	S	29	84	Dubrovnik	F	14	57	Innsbruck	C	3	37	Los Angeles	F	11	52
Belgrade	C	8	46	Cape Town	S	30	86	Edinburgh	C	9	48	Inverness	F	8	46	Luxembourg	C	4	39

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	19	66	Milan	R	4	39	Nicosia	S	19	66	Salzburg	C	4	39	Tenerife	F	21	70
Madrid	S	13	55	Montreal	R	4	39	Oporto	S	17	63	San Francisco	C	10	50	Tokyo	C	24	75
Majorca	C	13	55	Moscow	C	8	46	Oslo	F	4	39	Seoul	S	16	61	Toronto	C	3	37
Malaga	C	19	66	Munich	C	4	39	Paris	C	7	45	Singapore	F	28	82	Tunis	C	15	59
Malta	S	20	68	Nairobi	F	27	81	Peking	S	20	68	Stockholm	Sn	−1	30	Valencia	S	16	61
Manchester	C	9	48	Naples	C	11	52	Prague	C	5	41	Strasbourg	F	7	45	Venice	R	7	45
Manila	F	36	97	Nassau	-	-	-	Reykjavik	S	6	43	Sydney	S	[illegible]	[illegible]	Vienna	C	6	43
Melbourne	F	16	61	New Delhi	S	29	84	Rhodes	S	19	66	Taipei	C	24	75	Warsaw	C	9	48
Mexico City	F	28	82	New York	C	8	46	Rio de Janeiro	F	34	93	Tangier	C	17	63	Washington	F	18	65
Miami	S	23	73	Nice	F	12	54	Rome	C	14	57	Tel Aviv	S	19	66	Zurich	C	4	39

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS

Friday April 19 1991

INSIDE

Dow Chemical gives Wall St a surprise

Dow Chemical, the second largest US chemicals group, has posted better-than-expected first-quarter earnings because of lower hydrocarbon and energy costs. In the three months to March 31, Dow's underlying earnings per share fell by 21.6 per cent, to $1.34 from $1.71. Page 26

Taking stock in America

Dutch companies have traditionally used American Depositary Receipt programmes to widen their shareholder base. But the recent announcement by three leading Dutch companies of ADR plans highlights new motives: to facilitate investment in the company by 55,000 US employees and to meet growing US demand for shares. Back Page

David S Smith raises £50.7m

David S Smith, the largest UK paper-maker, raised £50.7m ($90m) yesterday through a one-for-four rights issue to refinance its investment in the Kemsley paper mill in Kent. The mill was bought for £10.6m in 1989 and since then the group has spent £40m upgrading and increasing the capacity of two paper machines there. Page 30

New role for Japanese banks

Japanese banks, motivated by pressure from the Bank of International Settlements to keep up capital ratios, have become important sellers of Third World loans. But the scale of selling is likely to remain modest, as officials from the Ministry of Finance avoid the creation of a disorderly market. Page 29

Albert Fisher pre-tax up 47%

Albert Fisher Group, the acquisitive fresh produce distributor and food processor, reported a 47.3 per cent rise in pre-tax profits for the first-half. Excluding exchange rate movements and new acquisitions, underlying pre-tax profit growth was 15.2 per cent. Earnings per share rose 12.9 per cent. Mr Tony Millar (left), executive chairman, said the group was looking for a new chief executive for the US business following the departure of Keith Brackpool. Page 30

Lep Group profits leap 22%

Lep Group, the UK distribution, property and security services company, achieved a 22 per cent increase in pre-tax profits last year. Earnings per share rose by 20 per cent. John Read, chairman, said he felt although there was still scope for further improvement, it was a creditable performance. Page 31

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Henkel Prf	580	+	12
PWA	268	+	9
Sud Chemie	520	+	15
Verein-West	310	+	8
Falls			
DLW	646	−	18
Schering	776	−	10

NEW YORK ($)

Rises			
Digital Equip	71	+	4⅜
Hasbro	28½	+	1
Sears Roebuck	38	+	⅝
Tandem Comps	15¾	+	½
Tonka	4⅞	+	⅛
Falls			
Lockheed	41	−	1½

PARIS (FFr)

Rises			
Locafrance	525	+	37
Falls			
Accor	800	−	21
BIC	775	−	32
Chargeurs	741	−	20
Club Med	483	−	16
L'Oreal	542	−	13

TOKYO (Yen)

Rises			
Fuji Kiosn	1250	+	100
Fujiya	1080	+	80
Kodansha	3700	+	300
Sanwa Daiei	900	+	70
Yamada	2250	+	230
Falls			
Wako Secs	1110	−	80

New York prices at 12.30.

LONDON (Pence)

Rises			
Bass	978	+	13
Cowan Groot	14	+	2
Devenish (JA)	232	+	12
ICI	1100	+	31
Lloyds Chems	290	+	12
Magnetic Mat	47	+	6
Micro Focus	1945	+	112
Mid-States	88	+	9
Shoprite	212	+	19
Siebe	437	+	11
Slough Ests	253	+	9
Vivat	59	+	11
Falls			
Barrett (H)	89	−	10
Eidos	43	−	8
Higgs & Hill	320	−	12
Pilkington	198	−	8
Quicks	53	−	4
Stand Chartd	390	−	15
Wellcome	534	−	15

Italy's Triple-A debt rating at risk

By Sara Webb and Tracy Corrigan in London

ITALY, one of the biggest borrowers in the international capital markets, has had its top Triple-A debt rating placed under review for a possible lowering by Moody's Investors Service, the US credit rating agency.

Moody's said a downgrading would affect about $22.2bn of foreign currency debt. It said yesterday: "The large Italian deficits have contributed to raising the level of public sector debt to a point that is now slightly higher than gross domestic product . . . and reflects the continuous growth of public expenditures".

The servicing of this debt imposed a serious constraint on economic policy and was leading to a greater use of financing from external sources, the agency said. The review will take two months.

If Italy is downgraded, any Italian company with a Triple-A rating will also be downgraded. Moody's has placed the debt ratings of state-controlled Cariplo, IMI and Crediop under review also.

It added that Italy's failure to deal with the burden of its accumulated imbalances could impair the government's stated goal of stable integration in the European Community.

The Triple-A rating is not only a matter of national pride but is significant to many investors and would increase the cost to Italy of raising funds in foreign markets.

Italy received its Triple-A rating in 1986. Sweden lost its Triple-A in January, which affected $30bn in debt.

Traders said that rumours of a possible downgrading of Italy have been circulating in the market for several weeks.

Nevertheless, the spread between the yield on Italian dollar Eurobonds and the yield on comparable US Treasury bonds had narrowed gradually since the start of the year, especially at the shorter end of the market.

The spread between the Italy 9 per cent 1993 Eurobond and the comparable US Treasury has been about 24 basis points in recent days, but widened to 26 basis points yesterday, following the development. The change was typical across the maturity range, although there may be further adjustment today.

If the downgrading goes ahead, the two Italy bonds deliverable in settlement of the London International Financial Futures Exchange's Ecu bond futures contract will have to be removed from the contract specification for settlement dates after June as only Triple-A bonds are permitted.

International bond market, Page 29

Peugeot suffers 10% fall in profits

By William Dawkins in Paris

PEUGEOT, France's largest car group which also includes Citroën, yesterday showed a greater resilience to recession than some of its competitors by announcing a 10.1 per cent decline in profits last year.

Net earnings fell from FFr10.3bn in 1989 to FFr9.2bn ($1.64bn) last year, marking the end of five years of growth. Turnover rose by 4.6 per cent from FFr152.9bn to FFr159.9bn over the same period, while net profit margins shrank slightly from 6.7 per cent to 5.8 per cent.

The results show a much smaller decline and wider margins than Renault, the group's state-owned rival, which recently reported an 87 per cent drop in profits. The sharp fall reflects Renault's higher borrowings and greater exposure to the depressed truck market.

However, Mr Jacques Calvet, Peugeot's chairman, said the group had missed several targets in a "stormy" year. He confessed pessimism over the advance of Japanese competition and the general outlook for the European car market.

"European markets, which were in general on a gently climbing slope in the first four or five months of 1990, then went into a moderate slowdown - which was expected before the Gulf crisis . . . The end of the year was characterised by a steep drop in registrations, notably in November and December," he said.

European car demand fell by 4.2 per cent in the first quarter of this year, against the same period of 1990. This was heading for an overall average decline of 5 per cent for the full year, Mr Calvet estimated. Peugeot's European market share rose slightly to 12.9 per cent, a fraction below its 13 per cent target.

Production was roughly unchanged at 2.2m vehicles – 1.4m Peugeot and 812,000 Citroën – while sales fell slightly from 2.2m vehicles in 1989 to 2.19m last year. Foreign sales rose from 56.9 per cent to more than 58 per cent of volume.

Peugeot's break-even point, meanwhile, rose from annual sales of 1.12m vehicles to 1.5m, reflecting pressure on margins and irregular production flows. Productivity rose by 5.2 per cent, again below target, said Mr Calvet.

Group debts rose from FFr1.9bn to FFr8.3bn last year, representing 17.6 per cent of shareholders' funds, an unplanned increase mainly caused by a build-up of stocks in November and December.

Sandoz opens door to foreign investors

By Clive Cookson in London

SANDOZ, the large Swiss chemical and pharmaceutical group, said yesterday that it would open all its shares to foreign investors. At the same time, it announced a capital restructuring and a one-for-20 rights issue to raise SFr400m ($282m).

Mr Victor Bischoff, head of group finance, said proceeds from the "shareholder friendly" rights issue would be added to Sandoz's net cash reserves of SFr1.2bn. The company was looking at several possible acquisitions.

At present, only Swiss residents are allowed to buy Sandoz registered shares, which account for 70 per cent of the company's issued capital and 87 per cent of its voting rights. Foreigners are restricted to "bearer shares" and non-voting "participation certificates".

From May 16 anyone will be allowed to buy any of the three classes of equity. But Sandoz will maintain the restriction that no shareholder may own more than 2 per cent of the capital.

In abolishing the traditional Swiss rule that prevents foreigners owning registered shares, Sandoz is following the lead set by Nestlé in 1988. Some other industrial companies, including Ciba-Geigy, the big chemical group, have already done so.

Mr Serge Ledermann, head of Swiss research at Lombard, Odier, the Geneva bank, welcomed the trend. "It should help to raise the capitalisation of the Swiss market," he said. But he pointed out that the banking and insurance sectors had not made similar moves.

Sandoz registered shares jumped by SFr675 to SFr11,025 on the Zurich bourse yesterday, in anticipation of foreign buying. Bearer shares fell by SFr550 to SFr11,350 and participation certificates dropped by SFr140 to SFr2,160.

Under the terms of the capital restructuring, both registered and bearer shares will be split 5:1. Holders will receive five new shares of the same type for every single old share.

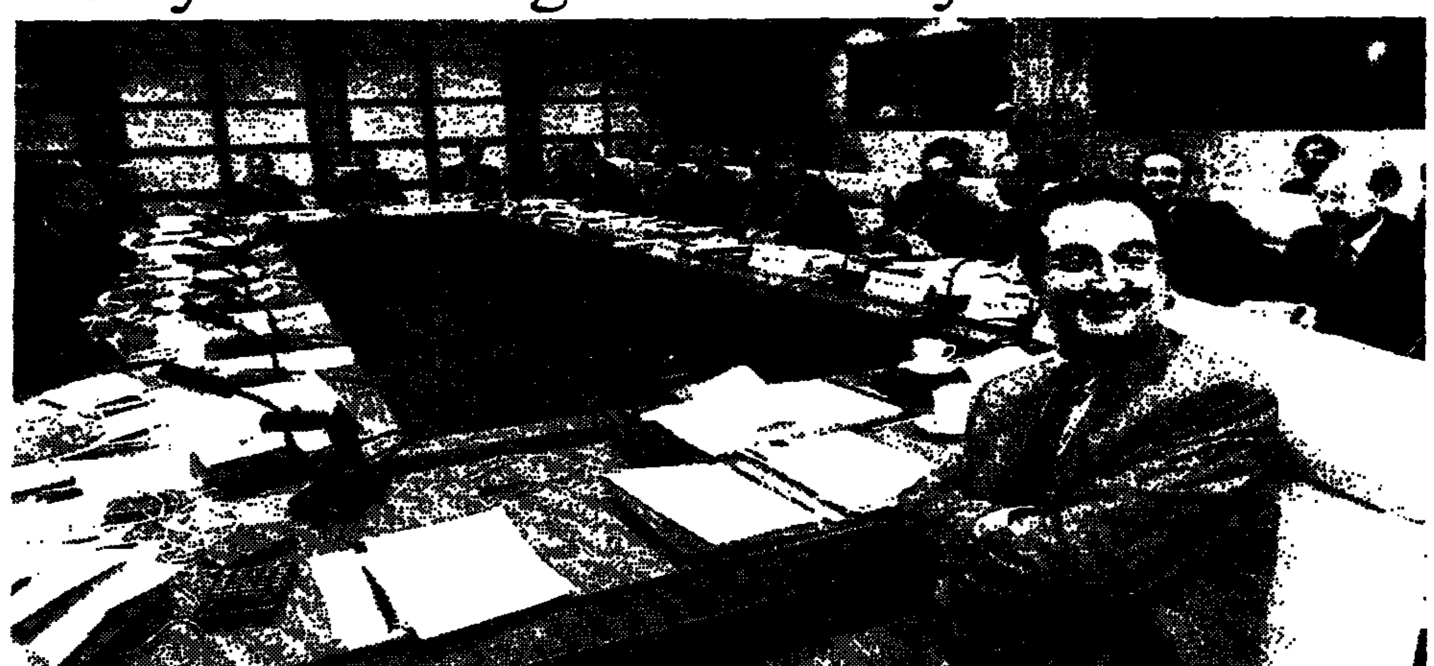
At the same time, they will have the right to subscribe SFr1,100 to receive one additional new share for every four old shares. That price represents a 50 per cent discount on the likely market price of the new shares.

Participation certificates will not be split, although their nominal value will be changed to bring them into line with the new shares. Holders can subscribe SFr1,100 to receive one new certificate for every 20 old ones.

In 1990 Sandoz made a net profit of SFr967m on turnover of SFr12.4bn. About half of its sales is in pharmaceuticals, and Sandoz is the world's 10th-largest drug company.

Until recently, Sandoz has had the reputation of being a highly secretive company, even by Swiss standards. But it is gradually shedding this image under the influence of a group of younger executives such as Mr Bischoff and Dr Max Link, head of the pharmaceuticals business.

They're smiling all the way to the bank



THE BOARD of the European Bank for Reconstruction and Development met for the first time yesterday in London. The meeting will continue today writes Stephen Fidler in London. The board – comprising 23 executive directors and Mr Jacques Attali, the bank's president (in foreground) – is meant to play a strong role in guiding the operations of the bank, owned by 39 governments and two European institutions.

The meeting will map out the lending criteria of the European bank – the first multilateral institution to attach political as well as economic conditions to its loans.

Nedlloyd plunges into Fl 148m loss

By Ronald van de Krol in Amsterdam

NEDLLOYD, the Dutch transport group, posted a net loss for 1990 of Fl 148.2m ($78.4m), down sharply from a net profit of Fl 252.3m in 1989 and at the high end of the company's previously forecast range of Fl 125m to Fl 150m.

The reversal in performance was due mainly to a severe downturn in ocean-going shipping as well as a more modest decline in land transport.

Mr Henk Rootliep, the company's chairman, said these two sectors, which form the core of the Nedlloyd group, fell into the red last year and were expected to make losses again this year, though results in both areas should improve.

Last year's losses would have been higher if it had not been for profits of Fl 110m on the sale of fixed assets. On the other hand, Nedlloyd also recorded an extraordinary charge of Fl 8m in 1990 against extraordinary gains of Fl 54.2m in 1989.

Nedlloyd has come under pressure from a leading shareholder, Mr Torstein Hagen, the Norwegian investor, to speed up the sale of non-core businesses. Mr Rootliep repeated his view that management would not be rushed into divestments. Shipping, which is in the middle of a restructuring, was hit by declines in both the dollar and freight rates on significant east-west trade routes. Operating profit swung into a loss of Fl 78m from a profit of Fl 111.3m.

In land transport, Nedlloyd was affected partly by the costs of restructuring Union Transport, a big German road haulier acquired in 1989. These costs, together with higher fuel prices, helped push operating results into a loss of Fl 45m from a profit of Fl 53m.

The energy sector saw operating results rise to Fl 33.8m from Fl 7.7m, helped by higher oil prices. The company said in late 1990 that it was seeking a buyer for all or part of its oil and gas exploration operations.

Mr Rootliep declined to make a prediction for 1991 results or to say whether dividend payments would be resumed this year. Recent rises in the dollar would favourably influence 1991 results if the US currency maintained its higher trend.

Texas Instruments reverses into red

By Louise Kehoe in San Francisco

TEXAS Instruments, the US semiconductor and electronics manufacturer, reported heavy losses for the first quarter of 1991, reflecting a slump in semiconductor memory chip prices.

Net losses for the first three months were $54m, compared with net income of $13m in the same period a year ago.

Losses per share were 77 cents, compared with earnings of 5 cents per share the previous year.

Operating losses rose from $2m in the first quarter of 1990 to $35m in the first three months of 1991. Texas Instruments' revenues were up seven per cent to $1.65bn.

Higher sales of specialised semiconductor products other than memory chips, was the biggest factor in revenue growth, Texas Instruments said.

"We experienced double-digit revenue growth in differentiated semiconductor products in 1990. Our goal is to generate more than half of our semiconductor revenues from this class of products by the latter part of the decade," said Mr Jerry Junkins, Texas Instruments chairman, president and chief executive.

"During the weak semiconductor market environment, Texas Instruments invested counter-cyclically in capital and in research and development, to be in a better position for the market upturn," said Mr Junkins.

Capital spending reached a high of $909m in 1990 but will be cut to about $575m this year, he said. "We are beginning to see signs of recovery in the semiconductor market, and expect [it] will grow about 13 per cent in 1991," Mr Junkins added.

Texas Instruments earned $76m in royalty revenues during the first quarter from companies which have licensed its semiconductor technology.

Profit margins in defence electronics fell slightly, while losses increased in Texas Instruments' computer operations.

UK hotel group hit by Gulf war

By David Churchill, Leisure Industries Correspondent, in London

TRUSTHOUSE FORTE, Britain's biggest hotelier, was hit hard by the Gulf war and UK recession with pre-tax profits falling 27 per cent, from £260m to £190m ($337m), for the financial year ended 31 January 1991. This was on a sales increase of just 7 per cent to £2.64bn.

THF has reacted to the downturn in trade by cutting more than 1,000 administrative jobs out of a total workforce of 100,000 over the past year as well as pruning other costs.

Although the results were at the bottom end of City forecasts, the impact of the war and recession had been anticipated and the shares closed 4p down at 268p.

Speculation now centres on THF's plans to create a new brand structure next month for its UK hotels which is likely to include a change of corporate name to Forte, dropping the Trusthouse part of the name used since 1970.

Mr Rocco Forte, THF's chief executive, yesterday declined to confirm or deny the impending name change. Analysts believe the switch to the Forte name is needed to create a stronger overseas image for the hotel group.

Mr Forte said yesterday that trading in the first half of the financial year had held up well, but had fallen away in the second half. In December and January alone he estimated that profits fell by more than £12m.

After a low point of 35 per cent occupancy levels reached during the war in January, THF's hotel occupancy has risen significantly since then. London hotels now have an average occupancy level of 65 to 70 per cent – about the level expected for this time of the year – although provincial hotels are still running at a level of 55 to 58 per cent.

THF's restaurant operations, which include the Harvester and Kentucky Fried Chicken chains, produced trading profits 3 per cent higher to £73m on sales 8 per cent up at £618m.

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French banks lift bad debt provision

By William Dawkins in Paris

CREDIT Agricole and Banque Nationale de Paris (BNP), France's two largest banks, yesterday reported sharp increases in provisions for bad debts last year.

Crédit Agricole, the co-operative farmers' bank which leads the French industry, yesterday unveiled a 3.9 per cent rise in annual net profits to FFr4.7bn ($839m) after a 25 per cent rise in provisions to FFr11.9bn.

Net profits at state-owned BNP, by contrast, plunged. They more than halved to FFr1.6bn, after a 6.3 per cent rise in provisions to FFr7bn, qualified by Mr René Thomas, the chairman, as a "disappointing" result.

BNP's operating profits fell by 14 per cent from FFr11.2bn in 1989 to FFr9.6bn last year, mainly dragged down by the mainstream French banking activities, while overseas operations held their earnings steady, said the group.

It attributed the drop to a movement of customers' savings away from bank deposits towards investment funds, higher bad debts for both private and corporate borrowers and interest payment delays on sovereign loans.

Lending rose by 14.4 per cent, while deposits and funds under management rose by 15.4 per cent to FFr556bn.

A strike at the start of the year cost BNP FFr600m, on top of which came the FFr1bn cost of winding up the Banque Internationale de l'Afrique Occidentale, which BNP placed in liquidation last June. BNP also had to make a FFr773m sovereign risk provision on the loan book of Banque Arabe et Internationale d'Investissement, (BAII) after taking control of BAII last May.

However, shareholders' funds increased sharply during the year, by FFr12.5bn to FFr41.3bn, thanks to capital increases and acquisitions of shareholdings in Péchiney, the state controlled aluminium group and UAP, the state insurer.

Shareholders' funds at Crédit Agricole rose by 13.8 per cent to FFr77.7bn, making it the world's third largest bank. Operating profits rose at the same time by 4.1 per cent, to FFr17.9bn from FFr17.2bn, proof of vitality in a difficult market, maintained Mr Philippe Jaffré, managing director of Caisse Nationale de Crédit Agricole, the bank's central organisation.

Total loans outstanding rose by 12 per cent to FFr937bn from FFr837bn.

The bank made FFr174bn of new loans last year, of which FFr32.4bn went to farmers, FFr81.9bn for house purchases and FFr17.4bn to corporate customers.

Deposits, meanwhile, rose by 14.6 per cent to FFr885bn, from FFr772bn, reflecting a 1.5 percentage point increase in the bank's share of the market for new savings in France, to 13.5 per cent.

● Berliner Bank lifted earnings 15.7 per cent to DM43.4m ($26m) last year and returned an unchanged divided of 10 per cent, writes Leslie Colett in Berlin.

The bank, which since mid-1990 has expanded strongly in east Germany, expects improved results this year, said Mr Wolfgang Steinriede, spokesman of the board.

Part of earnings last year came from "reserves" built up over the years in a bank subsidiary. Berliner Bank aims to complete its takeover later this year of Berliner Stadtbank in east Berlin which brought it 38,000 of its 90,000 clients in the East.

New deposits of DM3.4bn came from east Germany where the bank has 21 outlets.

Share swappers at halfway house

Katharine Campbell and **William Dawkins** look at tentative link-ups

The possibility of a share swap between Crédit Lyonnais, the French state-controlled high street bank, and Commerzbank, Germany's third largest bank, was first mooted by Mr Walter Seipp, chief executive of the German bank in 1987.

However, the attempt to reinforce links was put on ice when the French socialists returned to power in 1988.

With the climate now changed, Crédit Lyonnais, he hopes, will take a roughly 10 per cent stake in Commerzbank, with the Germans buying some 7 per cent of the significantly larger French entity. But Mr Seipp must worry that with his agreement dotted and crossed, awaiting only its coveted official seal, the French government may in fact give priority to a larger, if apparently less advanced, deal.

This is the arrangement between BNP, the largest state-controlled bank and Dresdner, Germany's second financial institution.

The two have been working together under an agreement formalised in 1989 by appointing a director to each others' supervisory boards. Now, a share exchange, of perhaps 7 per cent each way, is in prospect.

But why – assuming both deals come to fruition – a *cross-shareholding in the first* place? Is it merely the strategy of those who cannot, or cannot afford to buy?

Walter Seipp: mooted idea of share swap in 1987

Certainly Deutsche Bank, Germany's biggest bank that has bought aggressively in other parts of Europe and has loudly shunned the halfway house of share swaps, has so far failed to find an eligible candidate in France.

Dresdner Bank has secured control of the Paris bond and derivatives specialist Banque Internationale de Placement, but it is not the size of venture to which the German house aspires.

Meanwhile, Barclays Bank snapped up the private bank Merck Finck in Germany last year, merely demonstrating in the process how rare such opportunities are – with full service banks essentially not for sale in the closely-knit and soundly solid domestic market. Hence the share swaps.

At the same time, as Mr Stephen Lewis, banking analyst at Salomon in London points out, "a cross-shareholding per se does nothing for the development of business". With most analysts regarding all parties relatively immune from predatory advances, hence rejecting a primarily defensive rationale, the search is on for concrete advantages.

There has been a degree of basic co-operation already. Most recently, Crédit Lyonnais and Commerzbank, whose association goes back 20 years, combined forces in the UK with Commerzbank providing a German desk in CL Securities. BNP and Dresdner, meanwhile, last year set up a venture in Hungary, with plans too in Prague.

All the banks are coy as to specific plans for togetherness in the future.

However, one obvious plus would be the capital boost. Crédit Lyonnais for example has expanded fast recently.

As regards sharing the retail branch network, it is difficult to see large dividends. Commerzbank, which has exchanged shares with another Europartner, Banco Hispano Americano, is able to arrange useful facilities for German tourists in Spain. But the Franco-German fit is not so neat.

The main advantages will therefore accrue from commercial business though Dresdner sounds interested in the global reach of possible links with BNP extending thorough Asia and North America. Both groupings cite eastern Europe – where the Germans see a political advantage in a partner helping staunch any nascent imperialism charges. Sharing the risks as well as the rewards could in the early stages be attractive.

Further along, the very different styles of the partners may grate – Crédit Lyonnais has paid handsomely for its expansion. Later both German banks will also have to decide how they react to the possibly inconvenient wishes of their partners' principal shareholder.

Meanwhile, should the French government drag its feet now, both German banks can console themselves that the emergent east German market is boosting their savings base and hence future profits far faster than could the fruits of French partnerships, at least for the foreseeable future.

Telecoms groups plan private Swedish network

By John Burton in Stockholm

KINNEVIK, the Swedish communications group, and Cable & Wireless of the UK will start a private telecommunications network to compete against Sweden's national agency, Televerket.

The new network, Tele2, will be aimed initially at business customers.

Kinnevik last year sold 40 per cent of Tele2's predecessor Comvik Skyport to Cable & Wireless for SKr100m ($16.5m).

Tele2, which will start this autumn, has signed a 25-year agreement to use fibre optical cable networks that have been laid alongside Sweden's main railway lines.

But Tele2's access to households has been blocked since it has to rent use of the system operated by Televerket, which is demanding a prohibitively high fee, according to Mr David Johannesson, Kinnevik president.

Tele2 hopes for annual revenues of SKr1bn by the year 2000, which would still make it much smaller than Televerket, which had sales of SKr31bn in 1990.

BASF cuts dividend after 45% decline in income

BASF, one of Germany's big three chemical companies, will pay a lower dividend after a steep drop in profits last year, writes Andrew Fisher in Frankfurt.

Shareholders will receive DM13 a share compared with the previous year's DM14, which included a DM1 bonus to mark its 125th anniversary. For 1988 the group paid DM12.

Some analysts had expected a cut to DM11 a share in view of the poor result.

However, the dollar's slight recovery and lower oil prices have improved the outlook for 1991. The group said net income totalled DM1.1bn ($622m) in 1990, a decline of 45 per cent.

It has already announced a 37 per cent slide in pre-tax profits for 1990, with the fourth-quarter figure plummeting by 64 per cent.

Like the other German chemical groups, BASF has suffered from the dollar's weakness, the recession in the US and other markets, and higher raw material prices. BASF said rising labour and environmental costs, especially in Germany, had also depressed the final quarter's result.

SBC 'substantially' ahead

SWISS BANK Corporation yesterday said that its earnings in the first quarter had "improved substantially" but did not provide profit figures, AP-DJ reports from Zurich.

"The international stock market rally gave a strong boost to securities income, but most other business lines also performed well," the bank said. "Cash flow before taxes was significantly above the previous year's figure, which, however, was particularly low."

Total assets climbed by SFr12bn ($8.45bn) in the first quarter from SFr178.5bn at the end of 1990. It added that more than SFr5bn of this growth "represented the higher value of the dollar".

In addition to a strong rise in income from securities trading, net interest income increased 8.6 per cent in the first quarter compared with the year-earlier period.

Blue Circle hit by drop in UK construction

By Andrew Taylor in London

BLUE CIRCLE, the world's third-biggest cement manufacturer, saw pre-tax profits of tumble by 16.6 per cent last year to £195m ($364m)from £231.8m.

The fall was almost entirely due to the collapse of the UK construction market where cement sales last year fell about 12 per cent.

Mr Jim McColgan, Blue Circle's chief executive, warned that group profits were likely to fall further this year with UK cement sales forecast to decline another 12 per cent.

Rises of between 6 per cent to 7.5 per cent in UK cement prices had been applied to all customers since March 1 and so far had stuck, he said.

Cement profits in the UK last year fell 38.5 per cent to £68.1m. By contrast, profits for cement, aggregate and ready-mix concrete in the US, Blue Circle's second largest market, remained virtually static at £18.4m, despite a fall of a fifth in sales to £254.1m .

A final dividend of 7.5p is proposed, lifting the total for the year to 11.25p from 11p.

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Boddington makes hostile £127.7m bid for brewer

By Philip Rawstorne in London

BODDINGTON, the UK pubs, hotels and health care group, yesterday launched a £127.7m ($238m) hostile takeover bid for J.A. Devenish, the brewer, aimed at merging the two businesses into "a powerful independent force in drinks retailing".

If the move were successful, Boddington would add another 400 pubs to its present 490, giving it increased buying power and a strong base for further expansion. Pub retailing contributes more than 80 per cent of the trading profits of each of the companies.

Devenish, which last week sold its 4 per cent stake in Boddington, bluntly rejected the offer as "unwelcome and wholly inadequate".

Boddington is offering 10 new ordinary shares for every seven Devenish shares, valuing each of the latter about 233p. There is a full cash alternative of 210p per Devenish share, as well as a convertible offer.

Boddington said the offer had been accepted by Mr T. J. Hedderson, a former Devenish director, and his family, for their 3.3 per cent holding.

Devenish shares closed in London yesterday at 232p, up 12p. Boddington's shares fell 6p, to 157p.

Devenish, which reported a near-20 per cent fall in pre-tax profits to £11.26m last year, has since restructured.

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Slough Estates in £138m cash call to cut gearing

By Vanessa Houlder in London

SLOUGH Estates, the UK's biggest industrial property company, yesterday announced a rights issue to raise £137.7m ($257m) aimed at repairing the damage inflicted on its balance sheet by the sharp fall in property values.

The announcement that 141m convertible preference shares would be issued at 100p each sent the shares 9p higher to 253p. The stock market has been speculating about a rights from Slough.

The issue would reduce Slough's year-end debt from £825m to £687m, cutting its gearing from 76 per cent to 56 per cent.

Mr Joseph Harding, administrative director, said that although the company did not envisage any short-term problems with its gearing, it might have risked breaching bank guarantees if the steep fall in property values continued. Rather than be forced to raise money from its shareholders, the company preferred to choose its timing, he said.

In addition, the company said that the rights issue would allow it to take advantage of the depressed market and acquire properties on attractive terms. Nothing was planned at present.

The rights issue has been underwritten by SG Warburg and the brokers are SG Warburg Securities.

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INTERNATIONAL COMPANIES AND FINANCE

Anglo American to shed 12,500 jobs

By Philip Gawith in Johannesburg

ANGLO American, South Africa's largest mining house and the world's largest gold producer, yesterday announced that 12,500 jobs would be lost at its mines as a result of the depressed state of the industry.

Freegold, the world's largest mine, is to cut its 100,000 labour complement by 8,000 and Vaal Reefs will cut 4,500 jobs from a current total of 49,600. Last year Freegold announced 7,800 job losses.

The rationalisation at both mines stems from the need to curtail uneconomic activities. Neither mines expect gold production levels to be affected as they will be focusing on higher grades in the balance of their operations.

Announcing the March quarterly gold mining results, Mr Clem Sunter, chairman of the gold and uranium division, said: "We had to take some very tough decisions . . . We hope that by so doing we will enable the division to weather whatever further hard times face us."

Mr Lionel Hewitt, executive director, described Freegold's performance, which saw after-tax profit rise from R102.9m to R134.6m ($49.5m), as "extremely pleasing". Explaining the rationalisation, however, he noted that the mine had posted a 52 per cent decrease, from R346m to R167.4m, in available profit in the year to March.

He also pointed out that the north section of the mine had made a R10m loss in the quarter, after capital expenditure.

Vaal Reefs suffered the effects of a slow recovery from the Christmas period to record lower gold production. Combined with higher costs, this saw profits from gold fall by 29.5 per cent to R124.4m.

Mr Hewitt said unexpectedly good grades in the south of the Western Deep Levels mine saw gold production rise 2.6 per cent in the quarter. A R9.5m jump in tax, however, left after-tax profits lower at R83.1m, against R89.4m.

Revitalising the gold industry, Page 34

Japanese retailers feel the pinch after early spree

Robert Thomson examines the trends behind this week's results from the leading store chains

Japanese retailers' earnings last year showed the benefits of a consumer spending spree that began last spring but was tempered by the onset of the Gulf crisis and by more general fears of a domestic economic slowdown.

Intense competition among supermarkets and convenience chains, many of which have ambitious expansion plans, has cut margins for some operators, and while results announced this week are generally favourable, profit growth is expected to be slower in the current year.

Ito-Yokado, the Japanese supermarket operator, reported an 11.4 per cent increase in pre-tax profit to Y88.8bn ($651m) for the year ended February 1991 as consumer demand, particularly for foodstuffs, pushed sales higher.

The company, which has just taken control of the financially troubled Southland Corporation of the US, reported that total sales rose 7.7 per cent to Y1,355bn, with an 11.6 per cent sales increase in foodstuffs, 6.6 per cent in women's clothing, and 3.3 per cent in household-related goods.

Southland Corporation runs the Seven-Eleven convenience store chain in the US, while Seven-Eleven Japan is a member of the Ito-Yokado group and reported a 26.2 per cent increase in pre-tax profit to Y66.97bn.

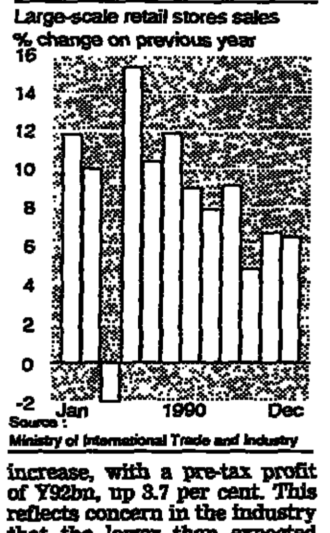
The Japanese convenience store chain, which plans to increase its network by 320 stores to 4,648, is expecting a pre-tax profit this year of Y75.7bn.

Ito-Yokado, which has the best recent earnings record among the supermarket operators, expects that a slowdown in the domestic economy will hinder sales growth. However, the company announced that capital spending would be increased by 62.7 per cent this year to Y76bn, with most of the money devoted to renovation of existing outlets.

Sales this year are expected to be Y1,432bn, a 5.7 per cent increase, with a pre-tax profit of Y92bn, up 3.7 per cent. This reflects concern in the industry that the lower than expected Japanese wage gains announced after the annual spring bargaining ritual will depress consumption this year.

Japan

Large-scale retail stores sales % change on previous year



Source: Ministry of International Trade and Industry

Seiyu, another leading supermarket operator and member of the Seibu Saison group, reported a 4.4 per cent increase in sales to 1,048bn, and a 10.3 per cent increase in pre-tax profit at Y10.3bn. For the current year the company expects sales of Y1,100bn, and a pre-tax profit of Y15.5bn.

FamilyMart, a convenience store chain that is also a Seibu Saison group member, reported a 26.1 per cent increase in pre-tax profit to Y13.71 on a 32.2 per cent increase in sales to Y60.3bn.

The company said that a new point-of-sale stock monitoring system had led to a 0.3 per cent improvement in the ratio of gross profit to sales.

For the year ending February 1992, FamilyMart expects a pre-tax profit of Y16.8bn on sales of Y72.7bn.

Two retailers with large shareholdings held by the predatory and now financially-troubled Shuwa Corporation yesterday reported sharp falls in pre-tax profit. Nagasakiya reported a 45.8 per cent decrease to Y3.98bn, while Chujitsuya announced a 16.9 per cent fall to Y5.59bn.

Nagasakiya's sales rose 0.7 per cent to Y409.2bn, but the company's profits suffered because of a large fire at a store in western Japan, which reduced gross profit by Y1.4bn and also prompted a Y600m increase in disaster protection provisions.

The company, of which Shuwa owns 17.6 per cent, said earnings were also affected by an unusually warm winter that reduced demand for warm clothing, and by advertising restraint exercised in the wake of the blaze. This year, the company expects a slight increase in pre-tax profit to Y4.4bn on sales of Y440bn.

Shuwa accumulated stakes in a range of Japanese retailers for the claimed purpose of restructuring the industry, though the company's stock and property excesses have forced it to use several of the holdings as collateral on loans from another supermarket operator, Daiei.

Chujitsuya, in which Shuwa has a 34 per cent stake that Daiei is apparently keen to purchase, said profits fell because of a heavier interest payment burden and despite a 4.2 per cent increase in sales to Y315.47bn.

The supermarket chain operator expects sales to reach Y328.6bn in the year to end February, and that pre-tax profit will be virtually unchanged at Y5.6bn.

Westinghouse revives link-up

By Stefan Wagstyl in Tokyo

IN ANOTHER sign of the technological advance of Japanese industry, Mitsubishi Electric, a leading Japanese electronics group, and Westinghouse of the US have revised a 70 year-old cross-licensing agreement.

Under the old arrangement, Westinghouse passed to Mitsubishi information about a very wide range of its products, including turbines, electrical motors and consumer appliances, for which Mitsubishi paid Y500m (US$3.7m) a year in royalties. "Westinghouse was our teacher," said Mitsubishi Electric yesterday.

The new agreement casts the two companies as equal partners.

Renouf Properties is placed in liquidation

By Terry Hall in Wellington

DIRECTORS of Renouf Properties have placed it in liquidation after efforts to restructure its debts failed. The company is a subsidiary of Renouf Corporation, the merchant bank.

Mr Andrew Strange, Renouf Properties' chairman, said no agreement could be reached with bankers on a scheme of agreement to allow the company to meet ongoing obligations. He said Coopers & Lybrand had been appointed provisional liquidator.

In February, the company reported a NZ$4.9m (US$2.9m) loss for the six months to December, and said its future was dependent on the outcome of negotiations with the banks.

It had been unable to pay mortgage obligations since late in 1990 and had failed to find a buyer for a portfolio of properties.

Mr Strange said a provisional liquidator had been appointed since the company had no debenture holders who could initiate a receivership.

The banks held mortgages secured against individual properties and sales of these were now a matter for the banks and the liquidator.

At December 31, Renouf Properties had borrowings of NZ$67m, equal to 59.7 per cent of total assets. The last published balance sheet valued the company's 16 properties at NZ$112m.

Mr Strange said the liquidation should be seen in the context of the serious problems which had beset the property sector since the 1987 share market crash.

Comalco to step up cutbacks at smelter

By Mark Westfield in Sydney

STRUGGLING to maintain earnings in the face of falling aluminium prices, Australia's Comalco has increased sackings and cutbacks at its huge Boyne Island smelter on the central Queensland coast.

Comalco also has deferred a A$1bn ($780m) expansion of its plant following the stalling in negotiations with the state government over the purchase of the nearby Gladstone power station which supplies power to the smelter.

A subsidiary of resource group CRA, Comalco's net profit fell 33 per cent to A$181m for 1990 and the company expects a further deterioration in earnings this year.

Comalco partly blames the recession in Australia for the downturn, but the international aluminium price fall over the last three years has taken the biggest toll on earnings.

Taiwan to sell stake in chemical group

TAIWAN plans to sell a 20 per cent stake in government-owned China Petrochemical Development Corp (CPDC) to the public next month as part of its drive to privatise state firms, Reuter reports from Taipei.

The Commission of National Corporations said the government planned to sell 184.75m shares in the company at T$15 each to raise T$2.77bn (US101.5m).

BankAmerica underlines strength of recovery

By Bernard Simon in New York

FIRST-QUARTER earnings of BankAmerica have confirmed that the San Francisco-based group which was almost on its knees four years ago is now one of the strongest banks in the US.

BankAmerica, the biggest West Coast bank, lifted earnings slightly to $282m, or $1.24 a share, from $278m, or $1.23, a year earlier. Net interest income grew by 10 per cent to $1.1bn. Fee and other non-interest income was up 7 per cent, thanks to higher profits and commissions from securities and foreign exchange trading.

Although return on assets and on common equity fell by 8 and 13 per cent respectively in the first quarter, these ratios – at 1.02 and 18.9 per cent – are still among the highest for the big US banks.

BankAmerica also has one of the strongest capital positions, with a ratio of common equity to assets of 5.4 per cent. Total assets stood at $111.9bn on March 31, up from $101.1bn a year earlier.

Ironically, BankAmerica owes much of its good fortune to the difficulties of the mid-1980s. A radical restructuring has returned it to its California roots, while sharply cutting back staff and other overheads.

"They got their wake-up call early," says Mr Richard Fredericks, banking analyst at Montgomery Securities in San Francisco.

BankAmerica's share price has soared almost six-fold since the depths of the 1987 crisis. It lost 25 cents yesterday morning, however, to $39.25.

Nonetheless, the group has not been immune from the recession and the property slump. Total non-accrual assets of $3.1bn on March 31 were virtually unchanged from three months earlier, but the property and construction component jumped to $740m from $551m. The non-accrual portion of the bank's loans for highly-leveraged deals jumped to $257m from $140m.

Net credit losses surged to $447m in the first quarter from $132m in the previous three months, and $48m last time. Excluding third world debt, the increase was due largely to a $53m increase in write-offs of consumer loans, especially on credit cards, and to lower bad debt recoveries.

BankAmerica has expanded its operations in New Mexico and Arizona, partly through the acquisition of savings and loan assets from the Resolution Trust Corp. The group now has retail networks in eight western states.

Despite the addition of 2,900 employees as a result of the first-quarter acquisitions, the total staff complement of 55,100 is virtually unchanged from a year ago.

Polaroid hit by slump in sales of instant film

By Bernard Simon

A SLUMP in sales of instant film contributed to a near-halving in Polaroid's first-quarter earnings.

Net income slid to $16.4m, or 13 cents a share, from $31.8m, or 43 cents, a year earlier. Sales rose fractionally to $441.2m, with a 10 per cent rise in international shipments being largely offset by weak demand in the US. Operating profits, which fell by 24 per cent, were also hit by higher marketing expenses.

The recession, as well as the slump in tourism earlier this year, contributed to the fall-off in film sales. Polaroid said retailers were keeping low inventories.

On the other hand, there was a substantial – though unspecified – rise in shipments of cameras, conventional film and videotape.

The popularity of cameras was helped by an aggressive campaign to promote the company's One-Stop Flash cameras, which sell for under $30 apiece. The company expects higher camera sales will be followed by stronger orders for instant film.

Polaroid cut its long-term debt by 14 per cent in the quarter to $504.2m, and interest expense fell to $15.8m from $21.5m.

Smith Corona down sharply for quarter

By Nikki Tait

SMITH Corona, the US typewriter manufacturer 48 per cent-owned by Hanson group of the UK, reported a sharp drop in third-quarter earnings. The company made $3.8m after tax, compared with $6.1m in the same period a year ago.

This leaves net income for the first nine months of the financial year virtually halved at $17.3m from $34.4m.

The group, badly hit over the past 18 months by falling demand and strong pricing pressures, suggested it was pleased. "The weak consumer spending environment as well as the ongoing product mix shift favouring lower-priced models continues to affect sales and earnings," said Mr Lee Thompson, chairman.

At the operating profit level, Smith Corona reported $5.2m against $11.1m, while sales slipped from $110.6m to $80.9m.

First Executive policyholders file suit

POLICYHOLDERS at First Executive, the ailing Los Angeles-based life insurer whose two main operating units have been seized by the insurance regulators, yesterday filed a suit in the Manhattan courts, writes Nikki Tait.

It alleges fraudulent activity, accuses First Executive's management of misleading policyholders, and claims that they did not disclose the speculative nature of the group's investments in "junk bonds".

First Executive had an abnormally high proportion of its portfolio in junk, and much of troubles stem from this.

A similar class action was filed in the Los Angeles courts last week.

FNN tussle returns to bankruptcy court

A US federal judge yesterday reversed a decision that had allowed General Electric's CNBC to buy the Financial News Network for $115m, Reuter reports from New York.

Rival bidder Dow Jones had appealed the bankruptcy court's decision and the appeal was granted. The decision means that the case will go back to the bankruptcy court.

Dow Chemical surprises Wall St

By Karen Zagor in New York

LOWER costs for hydrocarbon and energy at the beginning of the year helped Dow Chemical, the second biggest US chemicals group, post better-than-expected first-quarter earnings. The increase came despite prices pressure in March.

For the three months to March 31, Dow's underlying earnings per share fell 21.6 per cent, to $1.34 from $1.71.

With Wall Street expecting Dow to turn in earnings of about $1 a share, the stock price added $1⅛ to $52¾ on the New York Stock Exchange yesterday morning.

The company's results were distorted by a $213m, or 79cents a share, gain from the initial public offering of Dow's Destec Energy business, and Dow's net income for the quarter rose 25 per cent to $576m, or $2.13.

Sales were slightly higher at $4.95bn, against $4.9bn. Operating income, however, fell 12.5 per cent to $785m from $897m.

Analysts warned that Dow's prospects for the second quarter remain bleak. Mr John Garcia, at Wertheim Schroder, expected Dow to post 90 cents a share in the next quarter, reflecting weakness in Europe and the price squeeze that started to be felt in March.

Prices of polyethylene started sliding in March and are expected to fall further in the second quarter, with relatively stable demand. Lower ethylene costs partly offset the decline in the first quarter.

Mr Frank Popoff, chief executive, said: "While many of our large-volume, hydrocarbon-based products were under price pressure by mid-February, the financial impact wasn't felt until March, which allowed margins to expand modestly early in the first quarter."

Although hydrocarbon and energy costs were up 12 per cent on last year's, they were 18 per cent below levels in the final quarter of 1990.

Mr Popoff said hydrocarbon feedstocks were expected to stabilise by the end of the second quarter. The higher feedstock costs during the Gulf war pushed up prices by 7 per cent, compared with 1990. Volume in the quarter fell 6 per cent, while manufacturing costs increased 9 per cent.

"The challenge of maintaining margins in an environment of soft economies and weak industrial fundamentals typifies the current year," he said.

Looking ahead, Dow expects modestly improved results in 1992, provided the US economy picks up.

Strong Digital result lifts shares

By Louise Kehoe in San Francisco

DIGITAL Equipment's share price rose sharply yesterday on news of strong third-quarter earnings as the company continues to reduce its workforce and realign operations.

Digital reported net income of $116.6m, or 94 cents, for the quarter, up dramatically from $24.9m or 20 cents in the third quarter last year. Revenues rose 8 per cent to $3.52bn from $3.26bn.

The quarter's results reflect the consolidation of earnings from Digital-Kienzle, a German computer company in which Digital acquired a 65 per cent interest from Mannesmann for $230m last December. Before the Kienzle consolidation, earnings per share were $1.14.

In response to the third-quarter results, Digital's share price rose sharply to $71¼ at midday in heavy trading from a Wednesday close of $66¾.

For the first nine months of 1991 the company reported revenues of $9.96bn, up 4 per cent from $9.58bn in the same period a year ago.

Net income for the nine months was down, however to $253.9m from $331.1m. Earnings per share were $2.06, compared with $2.65 per share a year ago.

"The difficult economic environment of the past several quarters is still with us," said Mr John Smith, senior vice-president of operations.

"The uncertain business outlook, which was heightened by the Middle East conflict, is resulting in delays in customers' investments in technology, particularly for large systems."

"We have made good progress in our programme of lowering expenses, consolidating our facilities and restructuring our workforce," added Mr Smith.

During the quarter more than 2,200 employees left Digital, he said. Worldwide service revenues from systems integration and other activities grew by 20 per cent during the quarter, said Mr Kenneth Olsen, Digital's president.

Sales of its Unix workstations have doubled since the same period last year, but those of the high-end minicomputers were hit by economic conditions, the company said.

Inland Steel hit by fall in demand

By Barbara Durr in Chicago

LOW demand for cars and appliances slashed first-quarter results at Inland Steel Industries, the large Chicago-based steelmaker.

The company reported a $40m net loss, or $1.50 per share, for the first quarter, against net income of $18.7m, or 37 cents, a year ago. The loss came on a 16 per cent decline in sales to $832.7m from $992.5m a year ago.

Mr Frank Luerssen, chairman and chief executive, said the market for their principal products – sheets and bar steels used in consumer durables – was weak. Mr Luerssen, who was pessimistic about the near-term prospects of recovery, said he saw no indication of a US economic rebound in Inland's second-quarter order book.

Quarterly shipments by the wholly-owned integrated steel subsidiary, Inland Steel Company, were the lowest in 20 years. Shipments fell during the first three months by 19 per cent, to 937,000 tons, while sales plummetted 20 per cent to $437.9m.

Lower-priced product mixes, start-up costs for its new high-technology steel plant I/N Tek, a joint venture with Nippon Steel, and a 50-cents-per-hour rise in steel workers' wages all helped to push down Inland's results.

The company's service division of materials distribution centres reported a profit of $5.9m, but this was down from $9.8m a year ago.

For all of last year, Inland suffered a net loss of $20.6m, or $1.41 per share, its first full-year loss since 1985.

Textron net almost flat at $66.4m

By Nikki Tait

TEXTRON, the US aerospace and financial services group, yesterday reported static profits for the first quarter of 1991. It made $66.4m after tax, compared with $66.2m in the same period a year earlier.

Sales in the quarter to the end of March rose modestly, from $1.88bn to $1.91bn, while earnings per share progressed slightly to 76 cents, against 73 cents. With the earnings figure roughly in line with analysts' expectations, the shares eased $¼ to $31.

Textron said both the Bell helicopter and financial services divisions fared well, but its commercial products division was hit by the slump in "consumer confidence".

The financial services operations made $80.9m, against $71.4m, while helicopters turned in $37.8m, against $16.5m. The commercial products side, by contrast, slumped from $46.8m to $20.5m.

Part of the shortfall was related to the unhappy saga of Textron's acquisition of Avdel, the UK fasteners group, in 1989. Due to Federal Trade Commission opposition to the merger, Textron has never been able to consolidate Avdel's profits, although it has dividend income from the UK business to the parent company.

In the first quarter of 1991, however, this income amounted to only $200,000, compared with $6.1m in 1990. Avdel made profits of $22m before tax last year.

Pfizer advances to $267m on sales surge

By Karen Zagor

PFIZER, the US pharmaceuticals company, yesterday reported a 17 per cent improvement in first-quarter net income on a 20 per cent rise in sales, after stripping out discontinued operations from the 1990 results.

Including extraordinary items, Pfizer's net income in the first three months of 1991 rose 6 per cent to $267.4m, or 79 cents a share, from $251.9m, or 75 cents, a year earlier. Earnings per share have been restated to reflect a two-for-one stock split in January.

In the 1990 quarter, the sale of the DeKalb Pfizer Genetics seed business contributed $39m in pre-tax income.

Sales in the quarter rose 14 per cent to $1.7bn from $1.48bn, led by growth in Pfizer's health care operations. During the quarter, Pfizer spent $172.6m on research and development, up 28 per cent from the first three months of 1990.

Sales from Pfizer's health care business climbed 22 per cent in the 1991 quarter, and sales from Pfizer's animal health operations rose 11 per cent. However, consumer product sales rose a more modest 8 per cent, and underlying sales from specialty chemicals and minerals improved by only 1 per cent.

Although there are still worries about litigation over Pfizer's Shiley heart valve, analysts are bullish about its new product portfolio, which includes the cardiovascular drug, Procardia XL, and Diflucan for AIDS-related fungal infections.

Mr Edmund Pratt, chairman and chief executive, said Procardia XL and Diflucan contributed $260m in sales in the quarter and Norvasc and Cardura, two new cardiovascular drugs, $36m.

● Schering-Plough, THe New Jersey-based pharmaceuticals and health care products group, lifted first-quarter earnings to $173.2m, or 79 cents a share, from $150.4m, 66 cents a share, a year earlier, writes Bernard Simon in New York.

Sales rose to $949.3m from $865.1m, despite the sale last July of the Maybelline cosmetics business.

Mr Robert Luciano, chairman, predicted that earnings per share would climb by between 18 and 20 per cent for 1991.

The company attributed the growth in US pharmaceutical sales to solid demand for its anti-cancer, anti-infective and respiratory products.

Manville in asbestos trust charge

By Bernard Simon

MANVILLE, the Denver-based industrial products group, has begun setting aside a portion of its profits to settle thousands of claims by victims of its previous involvement in the asbestos business.

Manville's first-quarter earnings include an $8.1m "profit-sharing" charge earmarked for the Manville Personal Injury Settlement Trust, one of two agencies formed to handle the asbestos poisoning claims.

One of the conditions for Manville's emergence from Chapter 11 bankruptcy in 1988 was a commitment to set aside 20 per cent of earnings for the personal injury trust. The payments will begin in 1992, but are based on the previous year's earnings. The other trust deals with property damage claims.

Despite the profit-sharing charge, Manville, whose business is now centred on paper and packaging products, building materials, industrial fibre glass and minerals, lifted net income to $35m, or 26 cents a share, in the first quarter, from $24.9m, or 18 cents, a year earlier.

The improvement was entirely due, however, to receipt of about $40m in settlement of a patent infringement lawsuit. Net sales slipped to $495.7m from $518m, and operating income was down to $41.6m from $65.5m. The building products business was especially hard hit.

The Manville personal injury trust was set up in 1988 with about $2.5bn in assets. However it ran out of cash early last year after settling claims more quickly than expected and finding itself deluged with applications for relief from about 170,000 victims.

The trust's immediate problems were relieved in November with a refinancing agreement involving the trust converting Manville preferred shares into common stock, thereby entitling it to special dividends.

A new compensation system means that the most seriously ill asbestos victims now have priority in the settlement of their claims. A ceiling has also been placed on fees for claimants' lawyers.

Canadian mines group up 19%

AMERICAN Barrick Resources, one of North America's top three gold producers, benefited from strong production growth at its Goldstrike mine in Nevada, writes Robert Gibbens in Montreal.

The group reported a 19 per cent gain in earnings in the first quarter to US$15.6m, or 11 cents a share, up from $13.1m, or 10 cents, a year earlier.

First-quarter revenues were $73m, up from $53m. Average price realised was $428 an ounce. Production was 171,980 ozs, up from 131,111 ozs, including 110,249 ozs from Goldstrike, against 70,123 ozs.

East Rand Gold and Uranium Company Limited | Elandsrand Gold Mining Company Limited | FREEGOLD Free State Consolidated Gold Mines Limited | OFSIL Orange Free State Investments Limited | SALIES The South African Land & Exploration Company Limited | Vaal Reefs Exploration and Mining Company Limited | WELKOM Welkom Gold Holdings Limited | Western Deep Levels Limited

Highlights

- *Freegold reduces working costs*
- *Vaal Reefs gold production maintained*
- *Western Deeps Levels sound start to new year*
- *Elandsrand unit costs contained*

Abridged quarterly reports and preliminary profit announcements – Dividend declarations

Abridged reports for the quarter ended March 31 1991

Elandsrand

Issued Capital in shares of 20 cents each: 96 619 825 ordinary and 353 853 (previously 345 685) S ordinary shares

	Quarter ended Mar. 1991	Quarter ended Dec. 1990	Year ended Dec. 1990
Area mined – m²000	103	117	427
Tons milled 000	553	593	2 208
Yield – g/t	6.58	6.66	6.41
Production – kg	3 637	3 948	14 155
Cost – R/ton milled	149.92	147.48	140.10
– R/kg produced	22 796	22 151	21 854
Price received on gold sales – R/kg	31 529	31 823	32 159
	R 000	R 000	R 000
Turnover	114 631	127 138	453 656
Profit before taxation	31 070	37 640	141 715
Provision for taxation	196	281	1 728
Profit after taxation	30 874	37 359	139 987
Appropriation for capital expenditure	21 400	26 032	112 708
Profit available	9 474	11 327	27 279
Dividends – including a final dividend of *15* cents per share			29 138
Decrease in retained profit			1 859
Earnings per share – cents			
– before appropriation for capital expenditure	32	39	144
– after appropriation for capital expenditure	10	12	28
Capital expenditure – R000	24 295	26 022	117 305

Notes:
1. The new rate of non-mining tax as announced in the budget by the Minister of Finance have been used in the tax computation.
2. Orders placed and outstanding on capital contracts as at March 31 1991 totalled R13 573 000.

Freegold

Issued Capital in shares of 50 cents each: 116 179 121 ordinary and 1 535 424 (previously 1 501 379) S ordinary shares
The following are the results of the company and its wholly-owned operating subsidiary, Free State Consolidated Gold Mines (Operations) Limited.

	Quarter ended Mar. 1991	Quarter ended Dec. 1990	Year ended Mar. 1991
Gold			
Area mined – m²000	965	1 067	4 032
Tons milled 000	6 548	6 493	26 068
Yield – g/t	4.30	4.42	4.33
Production – kg	28 184	28 683	112 810
Cost – R/ton milled	124.97	127.81	124.82
– R/kg produced	29 035	28 933	28 844
Price received on gold sales – R/kg	33 008	32 279	32 325
Metallurgical Scheme			
*Slimes treated – tons 000	2 542	2 769	12 868
Uranium oxide produced – kg	–	–	68 885
Gold produced – kg	538	645	2 553
Acid produced – tons	74 067	98 095	374 266
* Includes material from St. Helena slimes dams			
	R million	R million	R million
Turnover	953.9	946.0	3 763.3
Profit before taxation	145.4	107.4	473.7
Provision for taxation	10.8	4.5	40.8
Profit after taxation	134.6	102.9	432.9
Appropriation for capital expenditure after loan finance	80.6	55.5	265.5
Profit available	54.0	47.4	167.4
Dividends – including a final dividend of 85 cents per share			164.8
Increase in retained profit			2.6
Earnings per share – cents	46	40	142
Capital expenditure – R million	76.2	57.3	269.4

RATIONALISATION OF OPERATIONS AT FREEGOLD NORTH
In a press statement made in June 1990, the curtailment of certain mining operations at Freegold's South Region was announced. In addition, it was stated that this planned curtailment was likely to require the reduction of 7 800 jobs (out of the total then of 107 000 for Freegold as a whole). The number of retrenchments to date, standing at 2 516, is considerably less than that announced as management have taken advantage of natural attrition and redeployment of people, as well as introducing other measures in consultation with employee representatives, to minimise retrenchments.
Management regret to announce that the loss of some further 8,000 jobs at Freegold's North Region appears inevitable due to a decision to down-scale the level of operations there This decision arises from the reduction in ore reserves caused by lower profit margins and the fact that the exploitation of Freegold's mining lease has now reached an advanced stage. As in the case of Freegold's South Region, the number of retrenchments should be less than the jobs lost. Discussions with employee representatives at Freegold North have already been initiated.
It is not expected that Freegold's gold production for the current financial year will be materially affected by this rationalisation exercise.

Note:
Orders placed and outstanding on capital contracts as at March 31 1991 totalled R38 million.

Ergo

Issued Capital in shares of 50 cents each: 42 078 712 ordinary and 5 523 469 S ordinary shares

	Quarter ended Mar. 1991	Quarter ended Dec. 1990	Year ended Mar. 1991
Material treated – tons 000	9 674	9 790	38 569
Gold production – kg	2 673	2 979	11 395
Uranium production – kg	1 429	19 306	72 141
Acid production – tons	43 277	123 048	426 015
Price received on gold sales – R/kg	33 728	32 146	32 123
	R 000	R 000	R 000
Turnover	97 157	107 070	411 403
Profit before taxation	14 306	14 732	61 056
Ergo division	8 446	7 259	33 972
Daggafontein division	7 135	7 248	26 968
Simmergo division	(1 275)	225	116
Provision for taxation	864	1 722	5 180
Profit after taxation	13 442	13 010	55 876
Appropriation for capital expenditure	5 327	3 089	21 319
Profit available	8 115	9 921	34 557
Dividend – including a final dividend of 35 cents per share			33 321
Increase in retained profit			1 236
Earnings per share – cents	17	21	73
Capital expenditure – R000	4 296	2 826	19 464

Notes:
1. Ergo has acquired the slimes in dams Nos. 4/L/9, 4/L/10, 4/L/28 and 4/L/29 from the Simmer & Jack Mines Limited Group ("the S & J Group") for treatment at its Ergo plant. These dams contain an estimated 17.5 million tons of material with an average gold grade of the order of 0.49 grams per ton. The consideration of R17 966 972 will be used to subscribe for 2 478 203 S ordinary shares in the capital of Ergo. These shares will be issued to Anglo American Corporation of South Africa Limited (AAC), or its nominee and in turn Ergo has undertaken to procure the transfer by AAC of the same number of Ergo ordinary shares to the S & J Group. The issue of these shares will increase Ergo's total issued capital to 50 080 384 shares of 50 cents each.
   At current gold price levels the acquisition of these dams is expected to increase Ergo's total earnings per share over the life of its operations. However, the extent of the increase in earnings will depend on the gold price prevailing at the time the slimes are treated.
   In terms of a new agreement Ergo has acquired the S & J Group's interest in the Simmergo plant and has the right to treat S & J Group material in the plant until June 30 1991 and any other material until June 30 1992. Ergo has repaid its interest free loan from the S & J Group. All previous agreements relating to the Simmergo project will terminate on July 1 1991.
2. Orders placed and outstanding on capital contracts as at March 31 1990 totalled R10 562 000.

Vaal Reefs

Issued Capital in shares of 50 cents each: 19 000 000 ordinary and 108 862 (previously 106 864) S ordinary shares

	Quarter ended Mar. 1991	Quarter ended Dec. 1990	Year ended Dec. 1990
Gold			
Area mined – m²000	477	517	2 049
Tons milled 000	2 813	2 936	11 240
Yield – g/t	6.66	6.39	6.53
Production – kg	18 730	18 748	73 371
Cost – R/ton milled	165.02	143.64	152.66
– R/kg produced	24 783	22 494	23 387
Price received on gold sales – R/kg	31 686	31 552	32 181
Uranium oxide			
Tons treated 000	1 215	1 740	8 243
Yield – kg/t	0.21	0.20	0.20
Production – kg	251 800	353 931	1 621 368
	R million	R million	R million
Turnover	616.3	645.9	2 495.9
Profit before taxation	121.3	175.4	595.4
Provision for taxation	6.2	13.7	54.5
Profit after taxation	115.1	161.7	540.9
Appropriation for capital expenditure	73.5	88.4	343.3
Profit available	41.6	73.3	197.6
Dividends – including a final dividend of 550 cents per share			198.1
Decrease in retained profit			0.5
Earnings per share – cents	218	384	1 034
Capital expenditure – R million	72.2	74.4	343.6

FURTHER RATIONALISATION OF MINING OPERATIONS
In a press statement made in June 1990, the curtailment of operations at Nos 6 and 7 shafts was announced. No. 7 shaft was closed shortly thereafter and mining at No. 6 shaft has now been stopped. Final clean-up is expected to be completed by the end of June 1991. The majority of employees affected were redeployed to other shafts.
Management now wish to report that operations at other shafts, in particular Nos. 3 and 4 shafts, are to be reduced, thus minimising the proportion of ore mined below the economic pay limit. Further steps are being taken to rationalise operations. As a result of these measures, management regrets that, in all, some 4 500 jobs are likely to be lost out of a total of 49 600. It is expected, however, that due to natural attrition and redeployment of employees, the number of retrenchments should be less than the jobs lost. Discussions with employee organisations concerned are taking place.
It is not expected that Vaal Reef's gold production for the current financial year will be materially affected by this rationalisation exercise.

Notes:
1. The previous quarter's results include a half-yearly dividend from Southvaal Holdings Limited and are therefore not directly comparable with this quarter.
2. Orders placed and outstanding on capital contracts as at March 31 1991 totalled R56.5 million.

S.A. Land

Issued Capital in shares of 35 cents each: 9 182 700 ordinary and 131 432 S ordinary shares

	Quarter ended Mar. 1991	Quarter ended Dec. 1990	Year ended Dec. 1990
Tons milled 000	574	586	2 348
Yield – g/t	0.66	0.76	0.69
Production – kg	382	444	1 622
Production, transport and screening costs – R/ton milled	19.71	19.62	17.99
– R/kg produced	29 615	25 899	26 043
Price received on gold sales – R/kg	31 496	31 511	32 026
	R 000	R 000	R 000
Turnover	12 037	13 935	51 819
Profit before taxation	550	1 188	5 160
Provision for taxation	118	246	1 507
Profit after taxation	432	942	3 653
Appropriation for capital expenditure	(27)	(91)	(265)
Profit available	459	1 033	3 918
Dividends – including a final dividend of 22 cents per share			3 924
Decrease in retained profit			6
Earnings per share – cents	5	11	42
Capital expenditure – R000	25	(89)	(61)

Notes:
1. The State subsidy to meet part of the cost of pumping water, which flows into the company's underground workings from neighbouring properties, has been extended for a further three months to June 30 1991 whilst alternative arrangements are investigated. The mining of the shaft pillar will continue during this period.
2. The rates of mining and non-mining tax as announced in the budget by the Minister of Finance have been used in the tax computation.
3. There were no orders placed or outstanding on capital contracts as at March 31 1990.

Western Deep Levels

Issued Capital in shares of R2 each: 27 194 115 ordinary and 515 151 (previously 514 627) S ordinary shares

	Quarter ended Mar. 1991	Quarter ended Dec. 1990	Year ended Dec. 1990
Area mined – m²000	220	248	931
Tons milled 000	1 594	1 669	6 598
Yield – g/t	6.41	5.96	5.83
Production – kg	10 215	9 953	38 487
Cost – R/ton milled	147.48	139.81	136.93
– R/kg produced	23 013	23 444	23 475
Price received on gold sales – R/kg	31 947	32 284	32 318
	R million	R million	R million
Turnover	325.1	318.5	1 238.1
Profit before taxation	93.6	90.4	354.5
Provision for taxation	10.5	1.0	9.1
Profit after taxation	83.1	89.4	345.4
Appropriation for capital expenditure	63.0	67.6	258.9
Profit available	20.1	21.8	86.5
Dividends – including a final dividend of 150 cents per share			86.0
Increase in retained profit			0.5
Earnings per share – cents	73	78	312
Capital expenditure – R million	63.0	59.2	258.5

Notes:
1. The new rate of mining and non-mining tax as announced in the budget by the Minister of Finance have been used in the tax computation.
2. Orders placed and outstanding on capital contracts as at March 31 1991 totalled R19.7 million.

Abridged preliminary profit announcements for the year ended March 31 1991

Ofsil

Issued Capital: 22 514 094 ordinary shares of 1 cent each

	Year ended Mar. 1991	Year ended Mar. 1990 (Audited)
	R million	R million
Income from listed investment	82.2	173.3
Profit before taxation	81.8	173.1
Taxation	–	0.1
Profit after taxation	81.8	173.0
Dividends – interim of 143 (1990: 390) cents per share paid December 14 1990	32.2	87.8
– final of 220 (1990: 378) cents per share payable on or about June 14 1991	49.5	85.1
	81.7	172.9
Increase in retained profit	0.1	0.1
Earnings per share – cents	363	768

Welkom

Issued Capital: 35 350 937 ordinary shares of 50 cents each

	Year ended Mar. 1991	Year ended Mar. 1990
	R 000	R 000
Income from listed investment	33 421	70 635
Profit before taxation	32 968	70 205
Taxation	21	10
Profit after taxation	32 947	70 195
Dividends – interim of 36 (1990: 100) cents per share paid December 14 1990	12 726	35 351
– final of 57 (1990: 98) cents per share payable on or about June 14 1991	20 150	34 644
	32 876	69 995
Increase in retained profit	71	200
Earnings per share – cents	93	199

Dividend declarations

Final dividends

On Thursday, April 18 1991, final dividends for the year ended March 31 1991 were declared in South African currency payable to holders of the following companies' ordinary and S ordinary shares:

Company	*Dividend number*	*Cents per share*
Ergo	25	35
Freegold	72	85
Ofsil	11	220
Welkom	68	57

	1991
Last day to register for dividends (and for changes of address or dividend instructions)	Friday, May 17
Registers closed from to (inclusive)	Saturday, May 18 Saturday, June 1
Ex-dividend on Johannesburg and London stock exchanges	Monday, May 20
Currency conversion date for sterling payments to shareholders paid from London	Monday, May 20
Dividend warrants posted	Thursday, June 13
Payment date of dividends on or about	Friday, June 14
Rate of non-resident shareholders' tax	15 per cent

SHARE WARRANTS TO BEARER
Holders of share warrants to bearer issued by Freegold and Ofsil are notified that their dividends are payable on or after Friday, June 14 1991, upon presentation of coupons marked "South Africa" and No. 11 on the side reflecting the share warrant number, at the offices of First National Bank of Southern Africa Limited, Stock Exchange Branch, Diagonal Street, Johannesburg, South Africa; Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zürich, Switzerland; Credit du Nord, 6 and 8 Boulevard Haussmann, 75009 Paris, France; and Banque Bruxelles Lambert, 24 Avenue Marnix, 1050 Brussels, Belgium, only. Coupons must be left at least four clear days for examination.

The full conditions relating to the dividends may be inspected at the Head and London offices of the companies and the transfer secretaries.

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per C.R. Bull
April 18 1991 *Senior Divisional Secretary*

Notes:
1. Unless otherwise stated all results are unaudited.
2. The increase in share capitals during the quarter resulted from the issue of shares to Anglo American Corporation of South Africa Limited (AAC) to finance the acquisition of AAC shares for distribution to employees who participate in The Anglo American Group Employee Shareholder Scheme.
3. All companies are incorporated in the Republic of South Africa.
4. The unabridged reports will be posted to members, debenture holders, and to persons on the mailing lists and copies are available from the Transfer Secretaries and the Head and London Offices.

TRANSFER SECRETARIES
Consolidated Share Registrars Limited
1st Floor, Edura
40 Commissioner Street
Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Barclays Registrars Limited
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU

HEAD OFFICES
44 Main Street
Johannesburg 2001
(PO Box 61587,
Marshalltown 2107)

LONDON OFFICES
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
April 18, 1991

INTERNATIONAL CAPITAL MARKETS

Treasuries slide on news of labour market revival

By Patrick Harverson in New York and Tracy Corrigan in London

US GOVERNMENT bond prices fell sharply across the board yesterday morning after signs of an unexpected revival in the labour market.

By midday the benchmark 30-year Treasury bond was down ¾ at 96¾, to yield 8.171 per cent. At one stage the long bond had been almost a full point lower. The two-year note was even weaker, down 3/32 at 100¼, yielding 6.965 per cent.

Bond prices fell on the news of a 22,000 drop in initial claims for state unemployment insurance in the week ending April 6.

The market had been expecting a rise in the number of jobless claims, and analysts said the figures pointed to signs of a recovery in the labour market, and therefore, in the economy as a whole.

The jobless statistics, following on from last week's promising inflation data, are likely to reinforce the view that interest rates do not need to come down any further. The bond market has been troubled in recent days by suggestions that the Federal Reserve is satisfied with the progress of the economy, and sees no need for another easing of monetary policy.

The release of trade figures for February, which showed the deficit had narrowed from January's $7.3bn to $5.3bn, had less of an impact on the bond market yesterday, primarily because trade patterns were disrupted during the month by the Gulf war, which was at its height in February.

■ IN EUROPE, the London gilts market fell about ¾ point, despite a series of economic data considered quite positive for the market.

The main influence on the market was the continued oversupply of paper, with a further £335m of new sterling foreign and corporate bond issues added to the market yesterday. Interest in the new five-year gilt to be auctioned next week was described as only moderate.

The long gilt future on the London International Financial Futures Exchange ended at 91¾, down from 92 9/32.

Traders are focusing on provisional money supply figures due to be released later today, particularly bank lending data.

German bonds eased slightly, but substantially outperformed the US bond market.

The Bund futures contract on Liffe ended at 85.66, down from a closing level of 85.78 on Wednesday. German monetary policy was left unchanged at yesterday's Bundesbank meeting.

The French bond market also outperformed the US Treasury market, and was also a little stronger than German. The yield spread between French and German bonds narrowed a basis point or two to 46 basis points.

A two- and five-year bond auction in France was quite well received, dealers said.

■ JAPANESE government bonds fell slightly yesterday afternoon following the fall in the US market, but otherwise traded in a very narrow range. Traders said market sentiment was poor and volumes were low.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-22	+01/32	10.61	10.51	10.61
		9.000	03/00	93-11	-12/32	10.15	9.96	10.28
		9.000	10/08	92-20	-16/32	9.89	9.74	10.02
US TREASURY *		7.750	02/01	98-04	-17/32	8.03	8.06	8.24
		7.875	02/21	96-18	-22/32	8.18	8.24	8.41
JAPAN	No 119	4.800	6/99	88.3744	-0.043	7.04	7.15	6.98
	No 129	6.400	03/00	98.5445	-	6.66	6.76	6.64
GERMANY		9.000	01/01	104.0800	-0.200	8.36	8.27	8.45
FRANCE	BTAN	9.000	02/96	99.8051	-0.076	9.03	9.03	9.32
	OAT	9.500	01/01	104.1700	-0.130	8.83	8.82	9.16
CANADA *		9.750	06/01	101.0500	-0.600	9.58	9.51	9.78
NETHERLANDS		8.500	03/01	99.5100	-0.150	8.57	8.49	8.70
AUSTRALIA		13.000	07/00	111.7493	-0.002	10.94	11.12	11.46
BELGIUM		10.000	08/00	105.0000	-0.250	9.16	8.95	9.10

London closing, *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Bell Group bondholders at risk

By Mark Westhill in Sydney

EUROPEAN bond holders owed $587m are at risk following the appointment of a provisional liquidator at Bell Group, a subsidiary of Bond Corporation.

The liquidator was appointed yesterday after the breakdown of talks with Mr Kerry Packer over a proposed restructuring of Bell.

Mr Packer's Australian Consolidated Press had sought to inject $60m of fresh capital into Bell in exchange for taking 15.1 per cent of the company, but negotiations between the two sides broke down. Mr Packer was seeking control of Bell's main asset, the West Australian newspaper.

Bell also has 39 per cent of Bell Resources (since renamed Australian Consolidated Investments) an investment worth around A$43m.

The directors of Bell group decided to seek a provisional liquidator when they realised the company could not meet a demand for the redemption of A$150m in convertible bonds held by the West Australian state government insurance commission (WASGIC). Bell defaulted on interest payments on the bond last September, triggering an SGIC demand for full repayment. Bell directors told their main bankers, owed A$390m, that they could not meet the repayments. The banks reportedly pressed Bell to seek a formal manager.

Bell Group has A$587m of convertible bonds outstanding, mostly held by UK and European investors. The two series of bonds with coupon rates of 10 per cent and 11 per cent, mature in 1995 and 1992.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Latest prices at 6:10 pm on April 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101½	102	-⅛	7.98
ALBERTA PROVINCE 9 3/8 95	600	103¾	104¼	-¼	8.32
AUSTRIA 8 1/2 00	400	99¼	99¾	-¼	8.61
BANK OF TOKYO 8 3/8 96	100	99	99½	-¼	8.63
BELGIUM 9 1/8 92	400	101½	102¼	-⅛	7.90
BFCE 7 3/4 97	150	98⅛	98⅝		8.16
BNP 8 5/8 94	300	101⅞	102¼	-⅛	7.93
BP CAPITAL 9 5/8 93	150	102⅞	103⅜	-⅛	7.91
CANADA 9 96	1000	103½	103¾	-⅛	8.09
CARCO 9 1/4 96	650	100¼	100⅝	+1	9.17
CCCE 9 1/4 95	300	103¾	104⅛	-⅛	8.07
COUNCIL EUROPE 8 96	100	98⅝	99	-⅛	8.32
CREDIT FONCIER 9 1/2 99	300	104⅝	105⅛	-⅛	8.63
DENMARK 0 98	250	55⅛	55⅝	-⅛	8.50
DENMARK 8 1/4 94	150	100⅝	101⅛	-⅛	7.96
ECSC 8 1/4 96	193	100	100⅜	-⅛	8.25
EEC 7 1/4 93	250	99¾	100¼	-⅛	7.38
EIB 7 3/4 96	250	98¼	98¾	-⅛	8.16
EIB 9 1/4 97	1000	103⅜	103¾	-⅛	8.54
ELEC DE FRANCE 9 98	200	102⅞	103¼	-⅛	8.43
EUROFIMA 9 1/4 96	100	103	103½	+⅛	8.47
EXPORT DEV CORP 9 1/2 98	150	104⅞	105¼	-⅛	8.56
FINLAND 7 7/8 97	200	96¼	97⅛	-⅛	8.68
FINNISH EXPORT 9 3/8 95	200	103⅝	104⅛	-⅛	8.35
FORD MOTOR CREDIT 9 1/2 93	300	102⅝	102⅞	-⅛	8.37
GEN ELEC CAPITAL 9 3/8 96	300	104⅝	105	+⅛	8.22
GMAC 9 1/8 96	200	101½	102	+⅛	8.73
HALIFAX 9 1/2 95	200	103	103¼		7.92
IBM WORLD TRADE 7 5/8 93	150	98	98⅜	-⅛	8.49
IND BK JAPAN FIN 7 7/8 97	200	96½	97	-⅛	8.65
INTER AMER DEV 7 5/8 96	200	96¾	97⅛	-⅛	8.38
ITALY 8 1/2 94	1500	101¾	101⅞	-⅛	7.93
JAPAN DEV BK 8 94	150	100½	101	-⅛	7.80
KANSAI ELEC PWR 10 96	350	104⅞	105⅛	-⅛	8.77
LTCB 8 5/8 93	150	101¼	101⅝		7.87
NEW ZEALAND 8 93	100	100¼	100⅞		7.85
NIPPON CRED BK 9 3/4 93	150	103⅜	103⅞	-⅛	8.15
NIPPON TEL & TEL 9 3/8 95	200	104	104⅝		8.12
NORDIC INV BANK 9 93	200	102⅝	102⅞	-⅛	7.63
ONTARIO HYDRO 11 5/8 94	200	108¼	109⅛	-⅛	8.19
OSTER KONTROLLBANK 8 1/8 95	200	101⅛	101⅝		7.39
PETRO-CANADA 7 1/4 96	200	95⅞	96⅛	+⅛	8.34
PRUDENTIAL RLTY SECS 0 99	365.216	50⅝	51⅛		9.19
QUEBEC HYDRO 9 3/4 98	150	103⅞	104½	-⅛	8.99
QUEBEC PROV 9 98	200	100⅝	101⅛	-⅛	8.87
SAINSBURY 9 1/8 96	150	101⅝	102½	-⅛	8.72
SAS 10 99	200	99⅝	101	-⅛	10.04
SBAB 9 1/2 95	500	103⅞	104⅛	-⅛	8.34
STATE BK STH AUST 9 1/4 93	100	101¾	103	-⅛	8.14
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅛	103	-⅛	8.23
SWEDEN 8 1/8 94	150	100⅜	101⅛	+⅛	7.83
SWEDISH EXPORT 9 5/8 93	100	103⅜	103⅝	-⅛	7.58
TOKYO METROPOLIS 8 1/4 96	200	99⅝	100	-⅛	8.32
WORLD BANK 8 3/8 99	1500	100	100⅛	-⅛	8.55
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	93¾	94¼		9.48
KREDIETCORP 7 93 LFr	1000	94⅛	95⅛		9.61
WORLD BANK 8 96 LFr	1000	95¾	96⅛		9.13
ALBERTA PROVINCE 10 92 C$	500	100⅛	100½		9.81
BCE INC 9 5/8 93 C$	300	99⅛	99⅝		10.04
BELL CANADA 10 5/8 99 C$	150	100⅝	101⅛	-⅛	10.49
BRITISH COLUMBIA 9 1/4 93 C$	150	99⅛	99⅝		9.68
EIB 10 1/8 98 C$	130	101¼	101⅝	+⅛	9.86
FORD CREDIT CANADA 10 94 C$	100	98⅛	98⅝	-⅛	10.66
GENERAL ELECT CAP 10 1/4 93 C$	175	101	101½	+⅛	9.72
MONTREAL TRUSTCO 8 1/2 92 C$	100	98	98⅝	-⅛	10.59
ONTARIO HYDRO 10 7/8 99 C$	500	102½	102⅞	-⅛	10.39
QUEBEC PROV 10 1/2 98 C$	200	99⅝	100⅛	-⅛	10.55
ROYAL TRUSTCO 10 1/4 93 C$	100	99	99½	-⅛	10.78
SWEDEN 9 3/4 93 C$	250	100	100½		9.74
BELGIUM 9 1/8 96 Ecu	1250	100½	100⅞		8.99
CNT 7 3/8 93 Ecu	250	94⅝	96¼	-⅛	10.06
CREDIT LYONNAIS 9 96 Ecu	125	96⅝	98¼	-⅛	9.94
DENMARK 7 5/8 96 Ecu	250	90⅞	91½	-⅛	10.06
EEC 7 5/8 94 Ecu	200	96¼	96⅝	+⅛	9.16
EIB 10 97 Ecu	1125	105⅛	105⅝	+⅛	8.82
ITALY 10 3/4 00 Ecu	1000	109⅞	110		9.10
UNITED KINGDOM 9 1/8 01 Ecu	2750	101	101½	+⅛	8.96
BMW FINANCE 14 1/2 92 A$	100	101⅞	102¼		12.40
COUNCIL EUROPE 13 93 A$	50	101	102	-⅛	12.32
EKSPORTFINANS 12 3/8 95 A$	75	102¼	102⅝		11.67
FORD CRED AUST 13 93 A$	50	99⅝	100⅛	-⅛	13.11
ICI 15 1/2 92 A$	100	103	103⅝	+⅛	12.37
MCDONALDS CANADA 15 95 A$	100	108¼	108⅝	+⅛	12.36
NAT AUSTRALIA BANK 14 3/4 94 A$	150	106	106½	+⅛	12.07
STATE BK NSW 14 1/4 99 A$	100	110⅛	110⅝	+⅛	12.20
VOLKSWAGEN INTL 15 94 A$	100	106¼	106¾	+⅛	12.38
ABBEY NATL TREAS 13 3/8 95 £	100	105⅝	106¼	-⅛	11.42
BARCLAYS JERSEY 9 1/2 93 £	250	97⅛	97½		11.20
BRITISH GAS 12 3/4 95 £	300	104⅞	105¼	-⅛	11.08
DEUTSCHE BK FIN 11 94 £	225	100¼	100⅝	-⅛	10.85
EIB 10 97 £	386.5	96⅛	96⅝	-⅛	10.86
FORD CREDIT FUNDING 9 5/8 93 £	50	96	96½	+⅛	12.00
INTER AMER DEV 11 3/8 95 £	75	101⅞	102¼	-⅛	10.81
ITALY 10 1/2 14 £	400	93⅛	93⅝	-⅛	11.28
LAND SECS 9 1/2 07 £	200	81	81⅝	-⅛	12.26
LEEDS PERMANENT 9 1/4 93 £	50	95½	96	-⅛	11.75
NORWAY 10 1/2 94 £	200	98⅞	99¼	-⅛	10.95
ROLLS-ROYCE 9 5/8 93 £	150	95⅞	96⅜		11.81
SAINSBURY 10 7/8 93 £	100	99	99½	-⅛	11.47
SKANDINAVISKA ENSK 13 1/8 95 £	100	103⅞	104⅜	-⅛	11.83
WORLD BANK 11 1/4 95 £	100	101⅝	101⅞	-⅛	10.88
ABBEY NATIONAL 0 96 NZ$	100	53⅛	54⅛	+⅛	12.28
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	102	103	-⅛	12.03
AIDC 7 7/8 93 FFr	600	96⅞	97⅜		9.32
CREDIT LYONNAIS 10 95 FFr	3200	102	102⅜	+⅛	9.38
EURATOM 7 5/8 98 FFr	500	91⅝	92⅛	+⅛	9.26

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Spain eases withholding tax refunds to foreigners

By Peter Bruce and David Owen in Madrid

THE SPANISH Treasury is preparing new rules to facilitate the quick repayment of a 25 per cent withholding tax on government bonds bought by foreign investors.

Mr Manuel Conthe, the chief of the Treasury, said yesterday the new regulations would mean non-resident bond holders would be paid back their withholding tax within one or two days. The tax was effectively abolished at the beginning of this year but repayments are cumbersome.

"The idea is that the foreign investor will not even notice that the tax has been withheld," he said. At present, foreign bond holders have to go through a cumbersome procedure to claim the tax back after cashing in their coupons. Proof of non-residence has to be obtained from the tax authority in their country of residence and posted to Madrid. Return of the tax can take months.

Mr Conthe said the new procedure, currently being worked out with the Bank of Spain, would enable the Bank automatically to refund withheld amounts to non-residents as soon as it received its list of debt holders. This could take one to two days. Since April 1987 the Bank of Spain has run a book entry system to provide information, clearing and custody services for Treasury instruments.

He said it was impossible to abolish the tax as domestic investors would still have to pay it. The Treasury, he said, wanted to make the new system as watertight as possible to prevent local investors from buying bonds through foreign institutions to escape the tax as well.

He said the move had been prompted by a sudden surge of foreign interest this year in Spain's three and five-year bonds. In the expectation of further interest rate falls in Spain, the value of bonds held by foreigners has tripled this year to $12bn.

Mr Conthe said the measure would probably be introduced in June, when the Treasury also plans to launch a new instrument – mainly for domestic investors – to replace its low yield Pagares del Tesoro (promissory notes) which have been used to draw untaxed income into the system.

Interest in the pagares has fallen off sharply in the last two years and Mr Conthe said they would be replaced by Special Public Debt. This would yield 2 per cent (the pagares yield about 5 per cent) and mature over 6 years. Their advantage is that holders would be guaranteed protection from the tax authority.

Madrid has been loathe to declare a tax amnesty on black market money in circulation in Spain, which some estimates put as high as $40bn.

Although the Special Public Debt instrument is not expected to attract much interest, it is the closest the government has come to compromising with opposition calls for a general amnesty.

Setback for Canadian banking deal

By Robert Gibbens in Montreal

THE LAURENTIAN Bank's plan to buy part of Standard Trustco for around C$55m (US$47.8m) has run into opposition.

Several institutional lenders to Standard Trustco, saying they are owed C$100m, have asked the courts in Ontario to appoint a receiver so they can take control of the company.

The receiver would operate Standard Trustco and negotiate the sale of assets with any bidders, including Laurentian Bank.

Standard Trustco is in default on loan payments to 25 creditors, including Bank of Tokyo Canada and Swiss Bank Corporation.

Laurentian Bank, based in Montreal, proposed taking over part of Standard Trustco's operating subsidiary, Standard Trust, with deposits of C$1.2bn and more than 30 branches. But this was conditional on approval of the lenders, who now object to the terms. The trust company is financed separately.

Standard Trustco is 48 per cent held by Roman Corporation, the holding company of the late Canadian mining magnate, Stephen Roman. It also controls Denison Mines, a big Canadian uranium producer also facing financial problems.

● BEAR Stearns has issued $150m of non-callable senior notes due April 15, 1998, the US investment bank said. The 9⅛ per cent notes were priced at 99.58 to yield 9.207 per cent or 130 basis points over Treasuries.

INTERNATIONAL CAPITAL MARKETS

Sainsbury reinforces debt status with $150m deal

By Simon London

J. SAINSBURY, the UK food retailer, yesterday became the latest corporate borrower to tap the international bond market this week with a $150m five-year issue.

The bonds carry a coupon of 8½ per cent and were reoffered to investors at the fixed price of 99.72, where the yield spread over US Treasury bonds is 72 basis points.

The company's last Eurodollar bond issue was in 1989, a $150m seven-year issue launched at a yield spread of 80 basis points over Treasuries. Since 1989 many corporate yield spreads have widened significantly. The narrowing of Sainsbury's yield spread reflects the company's growing following among international investors. Lead managed by J.P. Morgan, by late afternoon the deal was trading at 99.45 bid, for a yield spread of 71 basis points over Treasuries.

The £100m five-year issue announced on Wednesday by Sears, the UK retail group, was priced to yield 135 basis points over UK government bonds. The coupon was set at 12¼ per cent and the issue price was 101.95. Both the Sears and Sainsbury deals include an "event risk" put option, giving bondholders the right to sell back to the issuer at par if the company becomes the subject of a hostile takeover bid.

Most of the Sears bonds were placed by Credit Suisse First Boston, the lead manager, and Goldman Sachs and Warburg. The three firms reported strong buying interest from institutions keen to pick up higher-yielding assets, although retail companies are not favoured by many investment institutions. The deal traded at 101.80 bid, against full fees of 1⅞ per cent.

However, the highest yielding bonds of the day were launched by ANZ Banking Group, which launched a £60m 10-year subordinated deal priced to yield 225 basis points over the 10 per cent UK government bond maturing 2001.

INTERNATIONAL BONDS

The issue was lead managed by Goldman Sachs and launched at £50m but increased in the face of strong buying interest. ANZ carries A-2 and single-A credit ratings for subordinated paper respectively from Moody's Investors Service and Standard & Poor's, the two big US credit rating agencies. National Westminster bank, which launched £100m of 10-year subordinated paper on Monday, is rated Aa and AA2 by the two rating agencies and paid a yield spread of 135 basis points.

The European Investment Bank also tapped the sterling sector of the market, selling £150m of five-year paper in a deal solely underwritten by Barclays de Zoete Wedd. Participants in the deal reported continued buying of sterling assets by continental European investors against the background of a weak D-Mark. By the close of trading, the issuing was bid at around the fixed reoffer level of 99.62.

Yesterday saw Ecu450m of three-year bonds issued, more new Ecu paper than in the past three weeks. Crédit Local de France came with a Ecu200m offering of bonds paying a coupon of 9⅛ per cent lead managed by Paribas. This was quickly followed by a Ecu250m deal from IMI Bank, the Italian state-controlled financial institution, with bonds paying a coupon of 9¼ per cent.

Both deals were aimed at retail investors and were held at the fixed reoffer price by the lead managers throughout the day. The progress of the IMI deal may be slowed by yesterday's announcement that Italy's triple-A credit rating may be lowered by Moody's. IMI is controlled by the Italian state and will automatically loose it's top rating if the downgrading proceeds.

● GIBRALTAR yesterday made it's debut in the capital markets with a £50m domestic bond issue lead managed by BZW. The paper matures in 2005 and was priced to yield 175 basis points over the 9½ per cent UK government conversion stock of this maturity.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
J Sainsbury(b)†	150	8½	101.295	1996	1⅞/1.875	JP Morgan Secs.
STERLING						
EIB(g)†	150	10¾	(g)	1996	-	BZW
Sears(b)†	100	12½	101.95	1996	1⅞/1.6875	CSFB
ANZ Banking Group(c)†	60	12⅝	98.71	2001	⅝/½	Goldman Sachs
Govt.of Gibraltar(d)†	50	11⅞	100.142	2005	⅝	BZW
Gen.Elec.Capital Corp(e)†	100	10¾	101.20	1997	1⅞/1¼	Hambros Bank
ECUs						
IMI Bk Int.(Cayman Is.)(a)†	250	9¼	101.175	1994	1⅜/1.275	CSFB
Credit Local de France(a)†	200	9⅛	101.175	1994	1⅜/1.275	Paribas Capital Mkts.
Eurofima(f)†	40	10⅜	104½	1995	-	Nikko Secs.
CANADIAN DOLLARS						
Comm.Urbaine d'Montreal(a)†	75	10¾	100⅛	2001	2/1⅝	Wood Gundy
FINNISH MARKKA						
Nordic Investment Bk(a)†	250	11¾	101⅝	1996	1⅞/1¼	Unibank
YEN						
Orix Corp(a)★★†	10bn	7½	101¼	1996	1⅞/1¼	Yamaichi Int.
Orix Corp(a)★★†	10bn	7½	101⅛	1995	1⅝/1⅛	Daiwa Europe

★★Private placement. §Convertible. ‡With equity warrants. ‡Floating rate note. †Final terms. a) Final terms. b) Event risk put at par. c) Subordinated issue. Non-callable. d) Sterling foreign bond. Callable at higher of par, or at redemption yield same as gilts. If Gibraltar ceases to be a crown colony, coupon will be reset to 7½% over gilt. e) Amount increased from £75m. Non-callable. f) Fungible with existing Ecu320m deal from 21/5/91. Non-callable. g) Fixed price reoffer - 99.62%. Non-callable.

Japan loosens up on sale of third world loans

Stephen Fidler reports on how Tokyo's banks are under pressure to lift their capital ratios

Banks in Europe and the US have been selling third world loan assets for years, while Japanese banks have held tight. Now with their capital ratios under pressure from the Basle international guidelines and with a discreet nod from the Ministry of Finance, the portfolios are loosening. Japanese banks are now important sellers of third world loans.

Japanese bankers play down the scale of their selling so far, saying there is no uniform strategy, but admit that they are likely to step it up.

Mr Ryuichi Kato, chairman of the Nagoya-based Tokai Bank, said: "In the future, Japanese banks will have to think about the possible selling of their credits like the European and American banks have done." One motivation, he said, would be to keep up capital ratios in the face of the international bank capital guidelines.

Significant disposals of assets by Japanese banks emerged towards the close of the last financial year, which ended March 31. Selling assets for cash is one way to improve capital ratios. In addition, selling the bonds created by Mexico's restructuring deal with banks last March enabled them to emerge with a profit, because the bonds have risen sharply from the depressed price at which they were first booked last year.

Officials from the Ministry of Finance say they do not mind Japanese banks selling. There is one proviso, they say: that it doesn't produce a disorderly market or damage the financial standing of the country concerned. This appears to confirm Japanese bankers' assessments that the scale of selling will be modest.

Japanese banks are the second-largest national group of bank creditors to the less-developed countries (LDCs), after the US banks. For much of the 1980s, Japanese banks were new lenders in most of Latin America's debt restructurings, while other banks – the so-called "free-riders" – stayed out. Their share of the outstanding debt also grew as other banks reduced their portfolios, while the Japanese banks stood fast.

More recently though, the importance of the LDC debt issue to the banks has begun to decline. The decline of the dollar against the yen has meant that in yen terms, the absolute size of the dollar-denominated third world loan portfolios has declined. Third world loans now make up only 1 per cent of the loans of Japanese city, trust and long-term credit banks.

At the end of last September, the face value of third world loans held by these banks amounted to Y3,528.4bn – nearly $26bn at current exchange rates – of which the city banks accounted for the largest share: Y2,506bn. This compares with the estimated $60bn held by US banks and to the estimated stock of bank debt of roughly $400bn.

But not all the fall is due to yen appreciation. Since 1987 Japanese banks have transferred assets to a Cayman Island shell company, called the Japanese Bankers' Association. For example, some bonds created by the Mexican and Venezuelan debt restructurings were transferred into the company, in which Japanese banks own preferred shares based on the proportion of the assets that they transfer into it.

However, Japanese bankers are uncomfortable about disclosing how much they have transferred into the JBA, which they say does not itself sell assets into the secondary market.

The reason for their discomfort is that it smacks of special tax concessions available to banks and not to other types of companies.

The debt has also been reduced by the so-called "Brady" restructurings in which concessional bonds were exchanged for loans. All Japanese bank lenders to Mexico and Venezuela swapped their old loans for concessional bonds.

The reason that the Japanese banks have been slower than most in selling their loans, apart from their MoF-encouraged innate conservatism, was the low level of reserves they had built up.

Building a cushion against loan losses is expensive for Japanese banks. To do it they must sell assets from their hidden reserves – usually shares held in Japanese companies.

In doing so, they must pay tax on their gains at one of the highest corporate tax rates in the world. (For most restructuring countries, only 1 per cent is transferable into reserves tax free. For a minority, such as Nicaragua or Peru, which have not made any payments to banks for three years or more, a 50 per cent tax free reserve is allowed – in effect a write-off.)

This means the banks have to sell shares worth more than double the reserve they establish. However, there is a tax break when a write-off is taken – so the banks' reserves effectively cover more than double the actual reserve level.

The Ministry of Finance for the first time this year has allowed banks to set the reserve level they wish against their third world loans, lifting a ceiling of 25 per cent that was previously in place. Most banks have moved reserves to the 30 per cent level – an effective ratio of 70 per cent because of the tax rules.

Tokai Bank's Mr Kato points out that the banks have asked the government to allow tax-free reserving for all restructuring countries. The problem for banks, according to other senior Japanese bankers, is that while, under current tax rules, the banks are satisfactorily reserved against loss of capital, they are not reserved against the build up of interest arrears. "So we have to suffer for the portion of interest that is not paid," said one.

Sales of assets and the prospect for more are important enough for a dozen or so of the largest secondary market dealers in LDC assets to have set up some kind of operation in Tokyo.

So far, only one Japanese bank has established its own debt trading group: the Bank of Tokyo, whose operation is based in New York.

Other Japanese banks are said to have considered similar moves but have not yet taken the plunge.

Debt traders in Tokyo say they do not envisage Tokyo developing soon into the two-way market now evident in London and New York. When Japanese banks are in the market, they are sellers – although strong competition among traders in Tokyo is such that the prices they obtain are generally keen.

There is an irony in the emergence of Japanese bank selling of LDC assets. The banks are ridding themselves of their Latin American assets just as investment institutions worldwide – and even the cautious Japanese – are beginning to develop a selective interest in the region, at least in those parts of it now enjoying economic success, such as Chile and Mexico.

DEVELOPING COUNTRY DEBT EXPOSURE (SEPTEMBER 1990)

	Debt Yen	% of loans
Bank of Tokyo	502.2	3.94
Hokkaido Takushoku	75.9	1.12
Saitama	74.7	0.84
Fuji	247	0.83
Tokai	209.8	1.08
Dai-Ichi Kangyo	247.4	0.75
Mitsubishi	224.8	0.76
Sumitomo	298.4	0.99
Sanwa	237.9	0.79
Mitsui Taiyo Kobe	263.9	0.71
Kyowa	61.8	0.61
Daiwa	61.2	0.65
Total	2,506	0.97

Source: Federation of Bankers Associations of Japan

London Options Market aims to widen retail appeal

THE LONDON Traded Options Market is introducing a series of improvements designed to enhance the market's appeal to retail investors, write Tracy Corrigan and Jim McCallum.

LTOM is planning firm price quotations on screen for retail orders of up to 10 contracts (10,000 shares) and a "trade ticker" providing volume as well as price information. The changes were targeted by a special committee report by the LTOM Divisional Board, following a survey of broking houses and private customers.

LTOM derives only 30 per cent of its business from retail investors, compared with about 70 per cent at other options exchanges such as the Chicago Board of Exchange and the European Options Exchange in Amsterdam, according to Mr Geoffrey Chamberlain, LTOM's chairman. Retail business on LTOM declined in the wake of the 1987 stock market crash.

Mr Chamberlain underlined the importance of retail investors in enabling market-makers to balance their activities, since institutions often sell calls to hedge their share holdings, while individual investors tend to be buyers of calls. The issue of cost, considered a deterrent for investors, has not been specifically addressed.

After the Big Bang reforms of 1986, share dealing commissions fell for large customers but they remain unchanged for smaller investors. On an options trade of up to £5,000, an individual investor will pay 5 per cent (2½ per cent to buy and the same to sell).

The number of options dealers who will offer a service to small investors has fallen. Mr Paul Hilton, options analyst at James Capel, says "private client operations have become very expensive to run".

Consequently costs are only likely to fall if volume picks up.

High clearing fees also discourage investors. A fee per contract of between £1 and £1.50 is charged by brokers for clearing through the London Clearing House (Loch). Some brokers say this could be reduced to 25p per contract. The £12 fee which is paid to Loch for margin purposes when options are sold by investors is also widely criticised as a barrier to small investors.

LTOM also plans to promote the use of the Public Limit Order Board, which allows clients to place orders for execution at specific prices. Currently, this accounts for less than 2 per cent of volume.

The exchange also plans to discuss with retail outlets such as banks and building societies the setting up of execution facilities for clients.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thursday April 18 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Apr 17 Index No.	Tue Apr 16 Index No.	Mon Apr 15 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (187)	868.17	-0.4	11.24	5.57	10.93	11.55	871.85	866.19	873.73	837.73
2	Building Materials (24)	1117.17	-1.0	11.27	5.55	10.96	8.18	1128.79	1125.24	1128.87	1019.23
3	Contracting, Construction (31)	1383.75	-0.2	10.47	5.69	12.35	21.06	1387.15	1378.11	1375.71	1352.25
4	Electricals (10)	2425.52	-0.8	10.85	5.52	11.74	40.46	2445.18	2432.50	2464.86	2372.66
5	Electronics (26)	1845.24	-0.1	8.49	4.82	15.65	3.31	1847.32	1824.80	1847.74	1760.67
6	Engineering-Aerospace (8)	453.54	-0.5	15.63	5.52	7.71	8.86	455.81	454.97	463.44	435.62
7	Engineering-General (47)	464.72	+0.4	12.35	5.65	9.77	7.96	462.68	459.84	461.66	460.63
8	Metals and Metal Forming (8)	491.67	-0.3	18.55	7.02	6.65	0.59	493.13	487.75	491.91	475.36
9	Motors (13)	354.02	+0.3	12.17	6.75	9.72	9.45	352.98	350.19	353.39	344.15
10	Other Industrial Materials (20)	1535.03	-0.6	9.35	5.29	12.64	28.99	1544.74	1534.73	1555.00	1543.04
21	CONSUMER GROUP (185)	1476.46	-0.2	8.21	3.61	14.99	11.93	1479.94	1467.02	1475.84	1190.35
22	Brewers and Distillers (22)	1802.45	-0.3	8.92	3.60	13.81	14.86	1808.58	1785.04	1790.47	1399.55
25	Food Manufacturing (20)	1208.56	.....	9.35	4.03	13.17	15.95	1208.79	1203.64	1209.60	1044.58
26	Food Retailing (16)	2795.06	-0.4	7.82	2.78	16.70	14.42	2804.91	2805.54	2842.16	2220.38
27	Health and Household (21)	3282.28	-0.3	5.81	2.58	19.58	20.72	3293.05	3245.35	3251.43	2473.15
29	Hotels and Leisure (21)	1356.85	-0.4	10.10	5.10	11.68	16.64	1362.15	1351.68	1355.99	1323.72
30	Media (24)	1518.71	-0.2	9.12	4.45	13.80	17.84	1521.09	1498.49	1519.07	0.00
31	Packaging, Paper & Printing (16)	679.41	+0.4	8.22	4.86	15.21	11.00	677.01	673.29	679.74	557.93
34	Stores (34)	928.88	-0.2	8.95	3.89	14.49	2.37	930.30	927.56	934.99	724.56
35	Textiles (11)	536.90	-0.2	9.92	6.01	12.71	3.08	537.78	537.13	542.56	468.52
40	OTHER GROUPS (188)	1228.01	.....	9.80	4.92	12.49	9.64	1227.94	1214.84	1223.94	1105.29
41	Business Services (13)	1214.00	-0.5	11.08	4.92	11.05	8.36	1220.12	1214.32	1218.71	0.00
42	Chemicals (21)	1296.08	+1.4	9.02	5.52	12.70	23.86	1278.19	1265.32	1262.94	1168.47
43	Conglomerates (10)	1552.73	+0.2	10.80	6.62	11.07	12.84	1550.20	1520.48	1546.65	1549.81
44	Transport (14)	2200.82	-0.5	11.20	4.70	10.95	25.52	2212.47	2180.34	2196.38	2153.77
45	Electricity (14)	1190.74	+0.4	11.64	5.60	10.76	0.00	1186.40	1180.25	1184.05	0.00
46	Telephone Networks(4)	1462.44	-0.3	9.09	3.41	14.31	0.00	1466.31	1453.10	1464.46	1088.66
47	Water(10)	2528.76	-0.2	13.41	5.54	8.33	39.69	2532.58	2523.76	2536.12	1857.56
48	Miscellaneous (22)	1909.10	-0.6	6.32	4.89	20.11	21.39	1921.01	1894.74	1918.56	1757.53
49	INDUSTRIAL GROUP (488)	1251.91	-0.2	9.33	4.43	13.15	11.34	1254.37	1243.21	1251.96	1089.28
51	Oil & Gas (20)	2466.93	-0.5	10.22	5.40	12.74	40.03	2480.35	2445.53	2456.65	2225.89
59	500 SHARE INDEX (500)	1354.62	-0.2	9.45	4.55	13.10	13.58	1357.90	1344.90	1353.92	1184.02
61	FINANCIAL GROUP (97)	838.11	.....	-	5.63	-	17.25	837.60	833.92	845.29	776.30
62	Banks (9)	940.19	-0.3	7.88	5.84	18.32	21.93	942.56	934.11	949.85	820.73
65	Insurance (Life) (7)	1560.92	-0.7	-	5.30	-	41.64	1572.32	1571.20	1578.32	1268.76
66	Insurance (Composite) (6)	692.36	+1.4	-	6.33	-	20.23	682.70	685.15	701.88	639.59
67	Insurance (Brokers) (8)	1188.11	-1.2	6.72	5.65	19.37	20.10	1202.38	1183.78	1197.16	1049.00
68	Merchant Banks (7)	429.26	-0.1	-	4.72	-	4.47	429.60	425.75	424.22	444.76
69	Property (40)	1014.01	+0.4	6.40	4.62	21.31	4.21	1010.32	1010.49	1021.70	1129.43
70	Other Financial (20)	292.15	+0.5	9.43	6.18	13.05	4.41	290.70	289.53	288.69	308.27
71	Investment Trusts (69)	1218.66	.....	-	3.38	-	10.94	1218.58	1214.62	1220.66	1140.79
99	ALL-SHARE INDEX (666)	1228.27	-0.2	-	4.67	-	14.09	1230.65	1219.96	1229.26	1085.20

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 17	Apr 16	Apr 15	Apr 12	Apr 11	Year ago
FT-SE 100 SHARE INDEX§	2538.4	-6.6	2553.5	2535.0	2545.0	2519.5	2542.8	2526.1	2531.6	2184.7

FIXED INTEREST

	PRICE INDICES	Thu Apr 18	Day's change %	Wed Apr 17	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	120.54	+0.01	120.53	1.56	3.79
2	5-15 years (30)	130.15	-0.25	130.48	1.09	5.15
3	Over 15 years (8)	138.45	-0.31	138.88	1.79	4.05
4	Irredeemables (6)	154.64	-0.46	155.36	4.09	1.50
5	All stocks (72)	129.48	-0.17	129.71	1.36	4.62
	Index-Linked					
6	Up to 5 years (1)	157.95	.....	157.94	-0.25	2.72
7	Over 5 years (10)	146.99	+0.09	146.86	0.52	1.52
8	All stocks (11)	147.85	+0.08	147.72	0.49	1.56
9	Debs & Loans (54)	110.10	+0.03	110.06	2.50	2.65

	AVERAGE GROSS REDEMPTION YIELDS		Thu Apr 18	Wed Apr 17	Year ago (approx.)
	British Government				
1	Low	5 years	9.18	9.17	11.95
2	Coupons	15 years	9.66	9.62	11.60
3	(0%-7¾%)	20 years	9.79	9.74	11.52
4	Medium	5 years	10.29	10.26	13.20
5	Coupons	15 years	10.11	10.06	12.08
6	(8%-10¾%)	20 years	10.06	10.00	11.81
7	High	5 years	10.44	10.41	13.31
8	Coupons	15 years	10.29	10.23	12.39
9	(11%-)	20 years	10.23	10.17	12.10
10	Irredeemables	†	10.05	10.00	11.49
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.76	3.75	4.85
12	Inflation rate 5%	Over 5 yrs.	4.10	4.10	4.23
13	Inflation rate 10%	Up to 5yrs.	2.86	2.85	3.79
14	Inflation rate 10%	Over 5 yrs.	3.90	3.90	4.04
15	Debs &	5 years	11.86	11.86	16.22
16	Loans	15 years	11.64	11.64	14.00
17		25 years	11.43	11.43	13.37

§Opening index 2551.5; 9 am 2548.8; 10 am 2542.9; 11 am 2547.9; Noon 2544.5; 1 pm 2543.8; 2 pm 2545.1; 2.30 pm 2537.4; 3 pm 2535.7; 4.10 pm 2540.8; (a) (b) † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	15	51	18
Corporations, Dominion and Foreign Bonds	0	6	14
Industrials	352	238	951
Financial and Properties	153	97	491
Oils	15	25	52
Plantations	0	4	6
Mines	24	22	116
Others	76	34	50
Totals	635	477	1,698

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
-	-	-	86	68	Brent Walker Capital 13pc Cr Cap Bd	83	+3
100p	F.P.	-	115p	93p	Evered Bardon 7.25p (Net) Cnv Rd Pf	101p	-2
§	36½p	29/11	38p	30p	§Greenacre Group Cv. Rd. Prf. 70p	30p	
35	-	-	47½	29½	Grovewood Securities 9pc Cv Ln 2000	46½	+2
100	F.P.	-	100⅝	100⅝	Hanson 9½pc Cv. Bd.	100½	
100p	F.P.	-	103p	80p	Lilleshall 9pc Cv. Rd. Prf. £1	102p	
100	F.P.	-	103¾	102	RMC Capital 8¼pc Cnv. Bds. 2006	102½	+¼
100p	F.P.	-	124p	96p	TT Group 10⅞pc Cnv. Red. Prf. 1997	123p	+1
100	F.P.	-	103½	101¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	102¼	-½
100p	F.P.	-	144p	97p	Worcester Cnv Rd Cv Pf	127p	+2

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
†	F.P.	-	61	58	Aberdeen Trust 10p	58		2.5	1.8	5.7	13.1
§	F.P.	-	38	26	Do. A Warrants 10p	38	+5	-	-	-	-
40	F.P.	-	49	42	Alliance Res. 10p	43		-	-	-	-
100	F.P.	-	109	104	Contra-Cyclical Inc 1p	109		-	-	-	-
50	F.P.	-	56	54½	Do. Zero Div. Prf. 50p	55½	+1	-	-	-	-
25	F.P.	-	26	22½	Do. Capital	26		-	-	-	-
100	F.P.	-	103	100	Drayton Blue Chip Tst.	102		-	-	-	-
100	F.P.	-	106½	105	Do. Zero Prf. £1	106		-	-	-	-
§100	F.P.	-	95	43	‡Eidos 10p	43	-8	-	-	-	-
-	F.P.	-	18	13	‡Europe Energy 5p	14		-	-	-	-
-	F.P.	-	4025	3475	Eurotunnel Fndr. Wrnts	3588	-25	-	-	-	-
100	F.P.	-	106	104	Geared Income Inv. Tst.	105		-	-	-	-
-	F.P.	-	165	90	JF Pacific (New Wrnts)	160		-	-	-	-
-	F.P.	-	9	6	MMI Warrants	9		-	-	-	-
175	100	-	140½	110	National Power	136	+2½	R8.24	2.7	8.1	5.9
175	100	-	141	112	PowerGen	137		R8.32	2.6	8.1	6.2
50	F.P.	-	45	42	Trio Inv. Trust	42		-	-	-	-
-	F.P.	-	9	6	Do. Warrants	8		-	-	-	-

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
255	Nil	-	50pm	40pm	BPP 10p	43pm	
220	Nil	-	30pm	13pm	Bellway	13pm	
255	Nil	31/5	75pm	60pm	Berkeley Group	74pm	-1
5	Nil	-	6pm	4pm	de Morgan 5p	4pm	-1
265	Nil	-	64pm	60pm	EIS Group	61pm	
157	Nil	-	5pm	2pm	F & C Eurotrust	4pm	
R62.75	Nil	-	½pm	¼pm	Gaelic Resources	½pm	
155	Nil	25/4	50pm	32pm	Hartstone 10p	49pm	
90	Nil	-	17pm	7½pm	Hestock Johnsen	9pm	-1
218	Nil	-	40pm	13pm	Morgan Crucible	13pm	-7
A$5.25	Nil	24/5	24pm	13pm	Nat. Australia Bank A$1	24pm	+5
295	Nil	-	48pm	35pm	Ocean Group	37pm	+1
56	Nil	-	35½pm	22pm	Owners Abroad 3p	30½pm	-2½
238	F.P.	9/5	276	264	Persimmon 10p	269	
10	F.P.	8/5	21¼	15	Saatchi & Saatchi 10p	20¼	
200	F.P.	10/5	253	221	Sage 5p	251	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings April 8
● Last Dealings April 19
● Last Declarations July 11
● For settlement July 22

For rate indications see end of London Share Service

Calls in Amstrad, Brent Walker, British Fittings, Caird, Control Secs., Dectus, First Leisure, Granada, Next, Premier Cons., Ratners, Standard Chartered and WPP. Put in Eidos.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*539)	500	41	54	68	1½	13	20
	550	5	23	38	16	36	44
	600	1	9	21	63	75	77
ASDA (*127)	120	8	14	16	1	3½	7
	130	1½	8½	10½	5	8	11½
	140	¼	4¼	6½	15	16	18
Brit. Airways (*160)	140	21	22	26	1	5½	8
	160	3½	8½	15	4½	14	16
	180	3½	8½	15	4½	14	16
SmKl Beecham A (*842)	750	95	115	135	1	7	13
	800	45	75	97	2	18	27
	850	-	46	70	-	40	47
Boots (*383)	330	54	60	67	1	4	6½
	360	24	33	45	1	12	14½
	390	4	16	29	11	24	28
B.P. (*354)	330	25	34	40	1	6	10½
	360	3½	15½	23	10	19	23
	390	1	5½	12	38	41	43
British Steel (*141)	130	12	17	18	1	5	7
	140	3½	8½	12	2½	9	11
	160	1	3	5	20	25	26
Bass (*984)	929	57	85	118	2	23	27
	977	15	57	87	11	40	49
	1026	2	34	62	50	72	77
C & Wire (*549)	500	51	65	82	1	11	18
	550	8	31	50	10	29	38
	600	1	-	-	55	-	-
Courtaulds (*393)	360	34	40	52	1	8	12
	390	8	22	34	4½	20	25
	420	1½	11	21	30	41	44
Com. Union	460	62	77	81	1	5	10

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Utd. Biscuits (*383)	360	25	41	50	1	6½	10
	390	2	22	32	8	17	21
Unilever (*765)	750	20	50	78	5	21	29
	800	2	26	50	40	50	53
Ultramar (*333)	330	8	27	33	6	14	20
	360	1	13	20	30	32	37
Option		**May**			**May**		
Elec. Pig. (*£2063)	1850	250	-	-	35	-	-
	1900	195	-	-	50	-	-
Southern Elec (*202)	180	24	-	-	1½	-	-
	200	9	-	-	7	-	-
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit. Aero (*628)	600	47	73	83	11	22	33
	650	18	45	57	33	45	55
BAA (*440)	420	32	42	55	8	19	22
	360	9	22	35	28	38	43
BAT Inds (*713)	700	30	55	67	14	35	45
	750	9	32	42	45	62	70
BTR (*402)	390	24	41	46	8	15	21
	420	8	25	30	24	28	36
Brit. Telecom (*364)	360	16	26	34	7½	16	18
	390	3	11½	20	27	33	35
Cadbury Sch (*399)	390	21	37	46	8½	15	20
	420	7	21	30	26	30	33
Eastern Elec (*190)	180	14	19	20	4½	13	15
	200	5½	10	13	14	24	26
Guinness (*913)	900	40	74	93	20	33	40
	950	16	48	67	48	60	65

Option		Calls Jun.	Calls Sep.	Calls Dec.	Puts Jun.	Puts Sep.	Puts Dec.
Blue Circle (*254)	240	18	26	31	9½	16	19
	260	8½	17	22	21	27	30
British Gas (*254)	240	23	26	30	3½	9½	10
	260	9½	13	19	12	20	21
Dixons (*195)	180	24	26	32	5½	10	12
	200	11	15	19	14	20	21
Eurotunnel (*478)	460	53	75	97	27	37	48
	500	30	53	75	48	60	67
Glaxo (*1087)	1050	77	112	130	23	39	47
	1100	47	82	102	43	60	69
Hawker Sidd. (*584)	550	50	65	77	20	30	40
	600	20	42	49	-	58	-
Hillsdown (*261)	260	14	24	30	17	21	25
	280	5	14	22	31	33	37
Lonrho (*276)	260	26	30	38	6	11	14
	280	12	20	27	15	22	24
Midland Bk (*226)	220	21	28	35	10	17	20
	240	11	19	25	20	27	30
National Power (*136)	130	12	15	-	4½	9	-
	140	7	9½	-	9	14	-
Reuters (*882)	850	80	107	133	33	52	65
	900	48	83	108	58	75	88
R. Royce (*170)	160	18	23	27	5	8	10
	180	6½	12	17	14	17	19
Sears (*93)	90	6½	8½	11	6	7½	8½
	100	2	4½	6½	13	14	15
THF (*269)	260	16	23	30	10	15	13
	280	6½	14	19	24	27	29
Thorn EMI (*728)	700	56	60	68	12	31	35
	750	26	32	45	36	57	61

[illegible]

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 18.04.91: Pool purchase price £/MWh	Final Prices for Trading on 22.03.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.18	16.89	16.89
0100	16.18	19.03	20.70
0130	17.08	27.58	29.47
0200	23.09	27.58	29.48
0230	27.30	18.64	20.30
0300	27.30	16.19	16.19
0330	27.30	15.81	15.81
0400	19.28	15.57	15.57
0430	16.74	15.46	15.46
0500	16.28	15.34	15.34
0530	16.35	15.45	15.45
0600	16.35	15.66	15.66
0630	17.08	16.20	16.20
0700	20.61	18.54	20.23
0730	22.57	19.41	21.14
0800	27.09	20.02	22.26
0830	29.45	20.90	22.64
0900	31.19	22.60	24.40
0930	30.88	23.25	26.05
1000	32.16	23.25	25.03
1030	31.30	23.25	25.04
1100	28.67	22.66	24.44
1130	28.67	23.49	25.30
1200	28.57	23.49	25.29
1230	27.29	23.49	25.30
1300	25.53	23.49	25.31
1330	24.01	21.71	23.47
1400	22.99	21.35	23.10
1430	22.39	20.90	22.64
1500	21.18	20.90	22.64
1530	21.14	20.90	22.65
1600	21.13	20.52	22.25
1630	21.14	20.52	22.23
1700	23.44	20.90	22.60
1730	23.44	20.90	22.60
1800	23.43	20.90	22.60
1830	21.12	20.52	22.21
1900	20.00	25.50	27.30
1930	19.83	25.50	27.30
2000	19.83	25.50	27.31
2030	23.83	25.12	26.94
2100	23.83	20.93	22.64
2130	23.83	20.93	22.64
2200	23.83	20.93	22.64
2230	20.00	20.77	22.46
2300	18.85	19.88	21.51
2330	18.66	16.83	16.83
2400	16.25	15.66	15.66

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

UK COMPANY NEWS

Rights issue benefits lift Albert Fisher to £45m

By Maggie Urry

ALBERT FISHER Group, the acquisitive fresh produce distributor and food processor, reported a 47 per cent advance in pre-tax profits, from £30.53m to £44.98m, for the six months to end-February.

Excluding the effect of exchange rate movements and acquisitions, underlying profit growth was just over 15 per cent.

At the earnings per share level, the rise was held back to 13 per cent at 5.18p (4.59p); the interim dividend is up 17 per cent to 1.75p (1.5p).

The group's shares fell 5p to 115p on the announcement, although analysts said there was no disappointment with the numbers. Sentiment towards the shares has been affected recently by the sudden departure of Mr Keith Brackpool, who headed the North American operations. His departure followed the revelation that he personally owed Polly Peck International, the failed trading group, over $10m relating to a share deal done by a company he ran.

Mr Tony Millar, executive chairman, said the group was looking for a new chief executive for the US business.

The figures benefited from interest receivable of £9.85m (£80,000) following the £180m rights issue launched just before Christmas 1989. The group has net cash of £65m, but this is expected to be spent over the second half.

Europe was the best performing area for the group with Germany and the Netherlands providing good growth. Fresh produce operating profits rose 22 per cent to £6.5m and food processing and distribution was up 42 per cent to £18.5m.

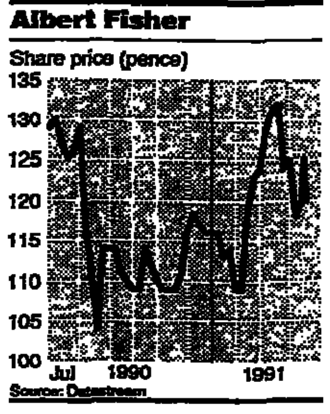
North American profits fell, in sterling terms, from £12m to £10.1m as recession and the Gulf War hit the food service business, which includes catering for hotels and airlines.

The group took a £3.7m write down after tax on its 24.2 per cent stake in Pacific Agricultural Holdings, PAH owns land in Cadiz, California, with its own water supply which was to be developed for growing produce, but for which there are now different plans.

● COMMENT

Albert Fisher has suffered its share of bear raider inspired rumours but the Brackpool incident has to be put down as a mistake by the company. Sentiment has turned against the stock, not because Mr Brackpool was thought vital to the group, more that Mr Millar's judgment in hiring him has been called into question. There is also some concern that a large acquisition is coming, though Mr Millar retains his reputation for not overpaying. These fears do not remove the underlying argument for Fisher that the fresh produce market is one of the fastest growing areas in the food industry, but is still highly fragmented. The group should make £93m pre-tax (£74.4m) for the full year, giving a prospective p/e of 10.6 and a yield of 4.5 per cent if the full year dividend rises 15 per cent. The rating has come down from the group's glory days, but the shares may remain under a cloud yet a while.

Albert Fisher



Kwik Save acquires 42 Gateway stores

By Roland Rudd

KWIK SAVE, the discount food retailer, yesterday announced the £26.5m acquisition of 42 Gateway Foodmarkets from Isosceles, the group formed to buy-out the complete chain in a £2.1bn leveraged buy-out in 1989.

The price paid for the shops, based in the north-east, is more than double their estimated net asset value of £12m.

Mr Graeme Seabrook, chief executive, defended the premium on the grounds that it would have normally taken up to seven years to have bought so many new shops in communities where Kwik Save does not have a significant presence.

He was also pleased to have "taken out a competitor."

It marks the first sizeable acquisition since Kwik Save bought the Victor Value stores in February 1989.

Isosceles had indicated last year that it would keep its Gateway stores in the north-east after a deal to sell 81 outlets to Wm Low for £211m fell through.

However, Isosceles said yesterday that it had only wanted to keep the larger northern stores and was delighted to have sold the "smaller, older ones" to Kwik Save.

The acquisition brings the total number of Kwik Save shops to more than 700.

Mr Seabrook said the company, which is opening one new store a week, was looking for more buying opportunities in the Midlands and south-east.

A further £7m has been put aside for the year to install computer scanning and to convert 32 of the stores into Kwik Save outlets and 12 into the Lateshopper format. They will be absorbed into the network over the next two months.

A Gallop opinion poll commissioned by the company showed that the shopper was most concerned by the location and the price of goods in stores.

All of the acquired Gateway stores were trading profitably.

Borrowings were used to fund the acquisition resulting in gearing in single figures. Goodwill is to be written off to revenue reserves.

David S Smith asks for £50.7m to refinance Kent mill

By Maggie Urry

DAVID S Smith, the largest paper-maker in the UK, yesterday launched a £50.7m rights issue to refinance its investment in the Kemsley paper mill in Kent.

The issue, on a 1-for-4 basis at 295p, was well received by the stock market with the shares unchanged at 360p.

The issue was accompanied by a forecast of pre-tax profits of not less than £33.5m (£26.4m) for the year to end-April, much in line with analysts' expectations. The company also promised a final dividend of 6.75p (6.5p) to give a total of 9.5p (9.25p).

The Kemsley mill was bought for £10.6m in 1989 and since then the group has spent £40m upgrading and increasing the capacity of two paper machines there. Smith had always said the purchase was a long-term investment which would take some years to pay off.

Mr Richard Brewster, chief executive, who is leaving the company at the end of this month, said that so far the investment had been funded from cashflow, despite poor trading conditions. However, it now seemed a good moment to raise equity capital to refinance it.

A further £24m is expected to be spent on the mill, to bring capacity up to 350,000 tonnes a year compared to 170,000 at the time of acquisition. The total cost of the mill will be substantially less than it would have cost to build the same capacity from scratch.

After repaying debt of £37.7m, the group will be left with some cash.

Mr Peter Williams, Mr Brewster's replacement at Smith, said other divisions were looking to expand both organically and by acquisition. Mr Brewster said these businesses had been somewhat held back because of the heavy investment at Kemsley.

Havelock Europa ahead but warns on outlook

By James Buxton, Scottish Correspondent

HAVELOCK EUROPA, the shopfitting group where institutional shareholders insisted on the installation of a new chairman and chief executive in 1989, substantially increased pre-tax profits to £1.5m in 1990.

But Sir Lewis Robertson, chairman, warned of a falling order book in a "cold and unhelpful climate" for shopfitting. That would have an adverse effect on profits in the first half of 1991 although there should be an improvement in the second six months.

Sir Lewis said he now regarded Havelock as having been restored to health under Mr Hew Balfour, chief executive. Pre-tax profit compared with £312,000 for the 36 weeks to December 31 1989, and £52,000 in the prior full year.

He said that Havelock's customers, which include retail groups such as Boots and Marks and Spencer as well as TSB in the financial services sector, had proved more resilient than the average. The group benefited from a reduction in borrowings from £3.55m to £1.15m over the year.

Although the order book finished 1990 at a strong level it had not been fully maintained since then, and there was some pressure on margins.

The Havelock Technical Services subsidiary was closed during the year which meant an extraordinary provision of £352,000.

Mr Balfour said Havelock aimed to become the market leader in large department store fitting. It wanted to reduce its seasonal profit variations by expanding further into fitting financial services premises and expected shortly to announce co-operation with NCR, which makes self-service banking equipment.

Group sales in 1990 were £46.8m (£32.78m). Earnings per share came to 5.8p (1.6p) and the final dividend is 2.1p for a total of 3.6p (2.5p).

Tie Rack throttled by US side

By Michiyo Nakamoto

TIE RACK, the specialist retailer, is moving to tighten its grip on its loss-making US operations in the face of a plunge in pre-tax profits.

In the 53 weeks to February 3, profits tumbled to £51,000 compared with £1.76m for the previous 52 weeks. Turnover was down 8 per cent to £53.8m (£58.6m) while operating profits fell 36 per cent to £2.06m (£3.22m).

The reorganisation of the US operations, where operating losses increased to £1.23m (£1.19m), is aimed at bringing it directly under UK supervision in the hope that this will help stem the losses there and improve overall profitability.

Commenting on the results, Mr Roy Bishko, the chairman who led Tie Rack's rapid expansion in the late 1980s, admitted that the group had over-extended itself after going public.

In most of its main markets it was faced with sluggish consumer activity. The difficulties of its US operations, which have been in loss for the three years that the group has been in that market, were exacerbated by local management problems and the weak dollar.

The group is closing its US warehouse, handling distribution directly from the UK and bringing the US shops under direct UK control. Administration is being merged with the Canadian operation.

UK business was also hurt by the economic downturn and the impact of the Gulf war, which reduced sales volume at airport shops by 20 per cent in the first months of this year. Turnover in the UK declined to £33.69m (£36.37m) and operating profits fell to £3.5m (£4.24m). In the UK the company was further plagued by problems with certain franchisees. The lower profits figure included an exceptional item of £444,000 relating to debts of its franchisees. The group has had to terminate its contracts with eight franchisees where trading had deteriorated to the extent that payments for stocks were not being made.

Buoyant business in France helped European turnover rise to £4.72m (£4.5m). Operating profit, however, fell to £1.22m (£1.26m).

The group has made efforts to control costs and cash by reducing borrowings by 23 per cent to £5.3m, capital expenditure by 77 per cent to £900,000 and stock holdings by 17 per cent to £10.8m.

Losses per share were 1.88p (2.42p earnings). The final dividend is passed (0.285p), making nil (0.75p) for the year.

Henry Barrett plummets by 96% to £272,000

By Michiyo Nakamoto

INTERIM PROFITS at the Henry Barrett Group, the steel and industrial products company that grew rapidly in the 1980s through acquisitions, plummeted 96 per cent as it was hit by the sharp downturn in the UK construction industry.

Pre-tax profits for the six months to February 28 fell from £6.46m to £272,000, on turnover down to £57.43m (£67.8m). The profits fall compares with a 96 per cent increase in the previous half year on turnover ahead 75 per cent.

Mr James Barrett, chief executive, said the group had been hit by a sharp decline in turnover and profit margins, particularly in the steel buildings division, where a 29 per cent fall in turnover was the largest among all divisions.

As the economic climate in the UK deteriorated, profit margins for the industry fell in line with a 30 per cent decline in the selling price of buildings. The group's design and build business was especially hard hit and while productivity was significantly improved this could not completely offset the fall in profit margins.

Lindapter International, a manufacturer of proprietary industrial fastenings, the steel services division and BNL, which markets thermoplastic bearing technology, were the only businesses that were profitable.

The group has adopted a strategy of disposing of non-core businesses in an attempt to reduce gearing to the 31 per cent level recorded in the previous financial year. Gearing at the half-year was 74 per cent.

At the end of March, it sold its Lurmark spray nozzle manufacturing business for £3.25m – £1m over book value – and is currently in talks on another possible disposal. The sale of Lurmark reduced gearing to 62 per cent.

There has been an improvement in order books in the second half with the Don Reynolds curtain walling business currently enjoying a record order book in excess of £12m.

"We fundamentally believe that the worst is over," Mr Barrett said. While the group saw a downturn it has been able to increase market share reflecting weaker positions of competitors. He, nevertheless, conceded that the group would not vigorously contest analysts' revised forecasts of £3m to £5m for the full year.

Adverse exchange rates check advance at Whatman

By Steven Watkins

PRE-TAX profits growth at Whatman, the specialist paper and filtration equipment maker, slowed to 7 per cent during 1990.

Profits came to £11.02m (£10.28m), achieved on reduced turnover of £44.58m (£47.86m).

The company said the slowdown was partly attributable to adverse exchange rate movements and a reduction in turnover attributable to the disposal of the Whatman Air Filtration business.

In spite of recession in the group's main markets, sales increased in all regions, except the UK, by an average of 9 per cent.

Profits were particularly affected by a 20 per cent increase in marketing and product development. Capital expenditure exceeded £10m and acquisitions £500,000.

The company said this benefited the Laboratory division's mail-order business, while improvements to plant and new product development capabilities in the US strengthened the Filter Systems side, which extended its range of air purification units and achieved notable sales growth in Japan and France.

A significant increase in sales of advanced papers buoyed the Speciality Products division, where costs were temporarily increased by the design of a new paper machine, which should lift future capacity by a third.

On earnings per share up from 30.74p to 33.1p, the final dividend is 5.25p for a total of 7.75p (6.25p). The shares rose 3p on the day, closing at 453p.

NEWS DIGEST

Wilton in agreed bid for Cowan

WILTON GROUP, involved both in investing and dealing in property and shares and in specialist restoration stonemasonry, has launched a recommended offer for Cowan de Groot.

At the same time Wilton also announced a decline into losses of £1.08m (profits £822,000) for 1990, on turnover of £4.26m (£5.24m).

Wilton already owns 7.4m ordinary shares (29.3 per cent) in the toys, electrical components, hardware and household goods company and is offering six new ordinary shares for every Cowan ordinary, valuing each Cowan at 15p and the whole company at £3.8m.

It is also offering one new 11 per cent cumulative preference share for each Cowan 10.5 per cent cumulative preference share.

In 1990 interest payable and similar charges reduced Wilton's pre-tax line by £1.56m (£452,000) and losses per share emerged at 0.26p (earnings 0.18p).

Mr Michael Buckley, chairman, said that a main factor in the decline in profitability was Wilton's investment in Cowan.

A takeover was a "practical commercial solution," given that so much of Wilton's management resources had been spent on Cowan's affairs.

Aviva moves back into the black

Aviva Petroleum, the Texas-based oil and gas company, swung from losses of $715,061 to profits of $739,061 (£416,000) pre-tax for 1990. Sales rose from $5.78m to $12.29m.

Profits benefited from a currency gain of $2.1m (loss $1.42m) and net interest income of $960,000 ($350,000 charge).

After deducting tax of $1.35m ($60,220) and adding in extraordinary income of $1.15m net earnings emerged at $537,390 (losses $785,281).

Increased loss for Molyneux Estates

Molyneux Estates showed an increased loss, from £149,000 to £367,000, in the half-year ended December 24 1990.

Mr David Lewis, chairman, said that the figure took into account rising income receivable and also a deficit of £191,000 (£59,000) within the Overgate Centre associate, pending substantial rent reviews and new lettings. These were expected to begin coming through in the next financial year.

In a reference to finance, Mr Lewis said total direct and indirect indebtedness currently amounted to £18.7m at an annual cost of about £2.46m. Current net rent receivable, including Overgate and rent reviews from March 25, was estimated at £2.31m annually, and the current rental value was put at £3.5m arising from reviews and reversions between 1991 and 1994.

Turnover rose to £909,000 (£613,000) and losses per share came to 1.47p (0.82p).

Higher bad debts bite into Cradley

Exceptional charges held back pre-tax profits of Cradley Group, the lithographic printer, to £710,000 in the half year ended December 31 1990, against £789,000.

Before exceptionals profits rose 61 per cent to £1.03m on turnover ahead 48 per cent to £14.42m. The results were much in line with the second half of last year when investment plans began to come on stream, said Mr Donald Jordan, chairman.

Exceptional charges comprised: bad debt provision £281,000 (£130,000) and reorganisations costs £69,000 (nil), less surplus on sale of assets £34,000 (£251,000). Mr Jordan said there had been substantial closures of magazine titles and a consequential increase in bad debts.

The restructuring in South Wales had been completed. Management of the Hertfordshire company had been restructured although much needed to be done to obtain an adequate return.

Earnings per share came to 1.4p (1.6p).

Parambe falls to £112,000

Taxable profits of Parambe, an investment company and art dealer, fell from £130,972 to £112,308 for 1990.

An unchanged final dividend of 1p is proposed, making a 1.55p (1.5p) total. Earnings per share dropped to 1.1p (1.64p).

At the year-end net assets per share stood at at 63p – a 24 per cent decline on the previous year's 82.2p.

Barlows slips to £415,000

From slightly reduced turnover, Barlows, the property investor, saw pre-tax profits fall from £576,000 to £415,000 in 1990.

Net attributable profit dropped from £1.17m to £763,000. Realised capital surplus was up to £517,000 (£345,000) but there were no extraordinary credits this time (£448,000).

Earnings per share worked through at 1.23p (1.89p). The dividend is again 2.475p with a final of 1.65p.

Scruttons shows decline to £1.87m

Scruttons, which operates port, shipping, engineering and other service businesses, saw pre-tax profits fall from £2.23m to £1.87m in 1990.

Mr Richard Gardiner-Hill, chairman, regarded the result as satisfactory against a background of temporary problems related to the London terminal business.

The three service divisions increased profits.

In the current year the group had started well, and again higher profits were expected in the service divisions.

Turnover rose to £22.72m (£19.66m).

There was an extraordinary charge of £236,000 relating to repairs at the Victoria Deep Water Terminal. It will be wholly or partly out of action until September.

The shares are traded on a matched bargain basis. Earnings were 28.7p (36.1p) and the dividend is again 15p.

Accounting changes have marked impact on profits for the year

Lep advances 22% to £29.4m

By Clare Pearson

LEP GROUP, the distribution, property and security services company, achieved a 22 per cent increase, from £24.09m to £29.4m, in pre-tax profits for 1990.

Mr John Read, chairman, said that there was scope for further improvement but it was a creditable performance.

Trading since the year-end had been below expectations, but he remained "cautiously optimistic" on prospects.

The results were affected by a change in accounting for the discount on a seven-year bond issued in 1988 by St Paul's Vista, Lep's vehicle which owns Swiss Bank House in the City of London. This is now being amortised through the profit and loss account. The effect in 1990 was to depress pre-tax profits by about £1.63m and earnings per share by 0.8p.

Against this, a switch in 1990 to average exchange rates had a positive impact on the pre-tax line amounting to £1.13m and on earnings to 0.9p.

Operating profits from distribution, which comprises freight forwarding and automotive activities, moved ahead to £23.26m (£13.9m). Mr Read said some £4m of that arose from an acquisition in Germany.

He said National Guardian, the US-based electronic security business, achieved a 14 per cent rise in dollar terms but, owing to the weakening US currency, sterling operating profits were curbed to £25.74m (£24.77m). The company made 31 acquisitions during the year. Property produced operating profits of £6.6m (£10.5m).

Gearing was 188 per cent at the year-end. However, that included some £79m of non-recourse debt relating to St Paul's Vista, taken onto the balance sheet after changes introduced in the 1989 Companies Act. Taking that out, it was about 120 per cent.

Earnings rose to 16.5p (13.7p). The final dividend is lifted to 5p for a 7p (6p) total.

● COMMENT

The £1.6m bond amortisation charge came as a surprise to Lep followers yesterday, but even stripping that out these results were seen as just a touch disappointing. Freight forwarding looks, on the face of it, to have put in a strong performance but much of the organic growth is really turnround. That said, Lep would appear to have come through a difficult period in fairly good shape. This year, factoring in the gains that the dollar has already made, the assumption that there will be a start to economic recovery in the US and the UK and distribution activity in the Gulf will pick up, the company's pre-tax profits should edge a bit higher to about £32m. Given the progressive dividend policy, and assuming investors can live with the gearing, the shares look modestly rated on a prospective p/e of about 8.5. The trouble is the 27 per cent stake owned by ADT will confuse the issue until the state of Mr Michael Ashcroft's affairs becomes clearer.

Retail side underpins 46% jump to £95m at Littlewoods

By David Churchill, Leisure Industries Correspondent

THE LITTLEWOODS Organisation, the privately-owned retail and football pools group, yesterday raised pre-tax profits by 46 per cent from £64.9m to £94.8m in 1990.

This increase came in spite of only a marginal gain in turnover from £2.26bn to £2.87bn.

Pre-tax profits for the company's retail divisions rose from £73.2m to £83.6m on sales rising by just over 3 per cent to £1.73bn.

Profits from the pools operations, however, were only up to £17.3m last year from £17.1m in 1989.

Littlewoods is still undecided about the future of its mail-order operations which achieved trading profits last year of £53.5m (£51.7m) on sales of £933m (£957m).

Desmond Pitcher: £400m was short of asking price

Mr Desmond Pitcher, chief executive, said yesterday that no negotiations were currently taking place for the sale of the division. An approach for the mail-order operations had been made to the company earlier this year but the £400m offer had fallen "significantly short" of Littlewoods' asking price.

Littlewoods had asked Kleinwort Benson to advise it on the possible sale of the mail-order business.

Mr Pitcher said that a possible sale was only being considered "to ensure that adequate funds are available to expand the rest of the company's activities". The Moores family, which controls the company, is determined that Littlewoods should remain privately owned and consequently is having to seek finance through the sale of some assets.

If no buyer is found for the mail-order division, then "other avenues of financing our growth" would be explored, said Mr Pitcher.

Wm Low shrugs off consumer spending decline with 9% rise

By Roland Rudd

WM LOW, the Dundee-based food retailer, yesterday announced an 9 per cent increase, from £10.49m to £11.42m, in pre-tax profits for the 28 weeks to March 16.

Mr James Millar, chairman and chief executive, said that operating profit had been maintained at £11m despite only one new store opening and additional costs in distribution and information technology.

The downturn in consumer spending had hit the small older stores but had only had a marginal effect in the majority of its outlets, he said.

The £37.9m rights issue last December helped eliminate borrowings and net interest receivable totalled £403,000 (payable £590,000). Mr Millar said the results showed how crucial the rights issue had been in funding the group's development programme. "Our decision to be one of the first companies to tap the market for cash – criticised by some at the time – has been vindicated," he said.

Mr Millar said the group was only interested in expanding through organic growth. It had made two abortive attempts to expand through acquisition, including a plan to buy Gateway's northern stores from Isosceles, some of which were sold to Kwik Save yesterday for £26.5m.

Low is using the cash raised from the rights issue to open more stores over the next two years. It has a large schedule of committed new openings which will add at least 155,000 sq ft by September 1992.

The group incurred significant additional costs from the setting up of the new multi-temperature Livingston depot, which was recently brought on stream, and the programme to upgrade the information systems. This affected the operating margin which fell from last year's 6 per cent to 5.6 per cent.

The group expects trading to remain static during the remainder of the year. Turnover rose to £198.45m (£185.05m) and fully diluted earnings per share edged up to 13.5p, compared to 12.86p. The interim dividend is raised to 2.7p (2.5p).

Banco Bilbao director quits Hambros' board

By David Lascelles, Banking Editor

MR ENRIQUE Mas Montanes, the director representing Banco Bilbao Vizcaya on the board of Hambros, the London merchant banking group, has resigned.

BBV has owned 5.6 per cent of Hambros since 1986, the stake intended to be part of a network of relationships among European banks. But Mr Chips Keswick, Hambros' vice-chairman, said yesterday that ties with BBV had "languished" because of other preoccupations at the Spanish bank. He stressed that relations were still cordial.

It is expected that BBV will now move to sell its Hambros stake, though it has not commented on its intentions.

Last week Baltica, the Danish insurance concern, sold its 14 per cent interest in Hambros, whose two main shareholders are now Istituto San Paolo di Torino, the Italian bank, with 14 per cent, and GRE, the UK insurance company, with 10 per cent.

Although some of the stakes were taken up for defensive reasons, the emergence of the single European market in the late 1980s gave a greater logic to cross-border ties and international banking business; but analysts have increasingly questioned the value to Hambros of its shareholding relationships, and the distancing of BBV will add to the impression that their impact on profits is small.

W Greenbank bolsters defence

By Jane Fuller

WALKER GREENBANK, the commercial wallcoverings group, brought forward the announcement of a near-12 per cent increase in pre-tax profit to help its defence against a challenge from its largest shareholder.

Aubin, the Jersey-based holder of 27.4 per cent of the equity, has requisitioned an EGM for April 26 which will consider the appointment of five non-executive directors.

Walker has described the move as an attempt "to take control on the cheap." Its share price gained another 1p yesterday to close at 70p, giving a market value of £64m.

In the year to February 2 1991, taxable profit rose to £7.96m (£7.12m) although an important factor was a switch from £2.52m interest paid to £1.07m received.

The group's disposal programme helped turn net debt of £18.4m into £5.7m cash. Turnover fell to £75.34m (£127.27m).

Walker's change of tack, which involved the sale of 18 businesses in 18 months for just over £30m, followed the puncturing of Sir Anthony Jolliffe's efforts to build up a conglomerate. "Accounting irregularities" were discovered at the Alkar shop-fitting subsidiary in 1988 and the shares shed about 40 per cent of their value.

Aubin started buying in mid-1989, when the price range was 100p to 133p. The October crash brought it down to a low of 44p. By the end of the year Aubin, which has admitted that it originally hoped to make an agreed bid, had just over 8 per cent.

Aubin wrote to shareholders earlier this week criticising Walker's management for rebuffing potential offerors, selling businesses for questionable prices, having the wrong approach to European distribution and moving "upstream" into manufacturing.

It said the proposed independent non-executive directors would "provide an effective review of and challenge to management's performance."

Mr Charles Wightman, chief executive of Walker since February last year, said the UK recession had affected sales at the core wallcoverings business, which saw pre-tax profit slip to £7.41m (£7.59m). A signs business that had been taken off the market fell back to £538,000. Head office expenses were more than halved at £352,000.

The sale of loss-making businesses meant that a non-core loss of £1.21m was replaced by a £354,000 profit; but the previous year's £820,000 profit from disposals was not repeated. Losses and provisions relating to sold businesses produced an extraordinary charge of £899,000.

Since the year-end, Walker's cash has been spent on buying Bryant, one of its suppliers, which will cost up to £9.3m. Mr Wightman said profit from that business would be more than double the interest lost.

Earnings per share rose to 5.55p (5.1p). An increased final dividend of 1.9p makes a total of 3.1p (2.75p).

C&S asks for share suspension

By Michiyo Nakamoto

CENTRAL & Sheerwood, the engineering and property development group headed by Mr Robert Maxwell, the media magnate, has asked for a temporary suspension of its shares, pending an acquisition announcement. The shares were suspended yesterday at 3¼p.

The announcement came as C&S reported a 15 per cent increase in pre-tax profits to £2.94m (£2.55m) for 1990. It also announced that it was withdrawing from its property development businesses.

The suspension of the shares was described by Charterhouse Bank, its financial adviser, as "entirely a precautionary move and not on the back of any rumour or speculation."

The rise in profits, achieved in spite of the adverse economic climate in the UK, came on the strength of the group's exports to continental Europe, which constitute 70 per cent of turnover. The entire turnover, up 6.6 per cent to £53.17m (£49.87m), and the bulk of the profits, came from the engineering division, where profits rose 53 per cent to £3m (£1.95m).

Mr Maxwell said the ability of the group's engineering companies to maintain profits depended to a large extent on the level of demand in other EC countries.

The property division suffered from the downturn in the UK commercial property market and was not able to make any external property sales at acceptable prices, he said. The decision to cease property development activities came in the wake of a substantially lower property profits of £134,000 (£714,000).

Earnings per share increased to 0.62p (0.54p) and a final dividend of 0.01p is recommended making a total of 0.2p (0.1p).

Diversified Sage grows 29%

By Alan Cane

AN IMPROVEMENT, from 31.3 per cent to 33.1 per cent, in operating margins pushed Sage Group, the Newcastle-based computing services company, to record pre-tax profits of £3.02m in the six months to March 31.

The 29 per cent increase from £2.34m came on sales up 17 per cent from £6.7m to £7.8m. Earnings per share rose 24 per cent to 11.98p (9.65p). The interim dividend is raised 15 per cent to 2.7p (2.35p).

The company, whose core business is the provision of low-cost accountancy software for small firms, is benefiting from its diversification into networking software, while recurrent revenues from software maintenance, computer stationery, consumables and training have reached 33 per cent of total sales.

Mr David Goldman, chairman, said the company had increased its share of the accounting software market from 39 per cent by volume in February 1990 to 55 per cent this year.

Networking products were selling well in Europe, although the US subsidiary, while more than doubling sales, suffered a slight loss.

Sage is paying $18m (£10m) for DacEasy, a loss-making US accounting software company, and on the basis of good first quarter results believes it will contribute both to sales and pre-tax profits this year.

While Mr Goldman was cautious about second-half results he said that sales in the first few months of the year had become noticeably more consistent.

Vivat returns to the black

Vivat Holdings returned to profits and the dividend list in 1990. The casualwear retailer reported pre-tax profits of £3.65m against losses of £1.15m.

Earnings were 8.3p (losses 2.8p) and a 0.5p dividend is proposed. Turnover fell to £103.71m (£108.51m).

Litigation with Chelsea Man continues and Vivat has made a £1.8m extraordinary provision for legal costs.

Anglo-Park plans merger

ANGLO-PARK plans to merge with fellow property group St James Estates via an agreed offer of 19 new ordinary shares for every 20 St James ordinary not already held.

Anglo-Park acquired a 21.9 per cent stake in St James in recent weeks and the offer is for the remaining equity.

It also announced yesterday that its losses jumped to £1.17m (£68,000) in the first-half to December 31.

The deficit was swelled by provisions of £518,000 against book values of developed and investment properties and a further £115,000 written off against revaluation reserves.

Damage was also inflicted by a provision of £342,000 against the investment in St James. This is related to a write-down of the value of the latter's property in Oxford Street, London, following a professional valuation. The matter is the subject of litigation.

The interim dividend is cut to 0.5p (2p) on losses per share of 12.6p (0.7p).

Turnover fell to £247,000 (£610,000) and gross profit came to £3,000 (£165,000).

For the year St James incurred a loss of £1.9m on turnover of £3.15m.

Next departures

Three Next directors are resigning from the retail group to join Grattan, the mail order business recently acquired by Otto Versand, the German retailer, for £165m.

Mr Peter Lomas, finance director since 1987, will be Grattan's finance and computer services director.

Mr Michael Bottomley, who came in via Next's merger with Grattan in 1986, and Mr John Wallis, also on the mail order side, are also moving.

Quicks in loss

Quicks, the Manchester-based motor distributor, dropped from profits of £4m into a pre-tax loss of £650,000 in 1990. The total dividend is halved to 3p. Turnover rose from £230m to £238m. The loss was after an exceptional charge of £2.34m.

Losses per share were 3.1p (earnings 19.3p). The final dividend is 1p (4p).

Hillsdown places Wickes stake

Hillsdown Holdings, the food group, yesterday placed its 19 per cent stake in Wickes, the DIY retailer and timber group. The sale of 50.5m shares raised £27.4m for Hillsdown, writes Maggie Urry.

Wickes shares were unchanged yesterday at 60p as were Hillsdown's at 261p. The shares were sold at 54¼p apiece to SG Warburg Securities which placed them with UK institutions.

Pay of Booker chief rose 85% to £0.3m in 1990

By Maggie Urry

MR JONATHAN Taylor, chief executive of Booker, the food distribution and agribusiness group, saw his pay rise 85 per cent to £331,459 last year.

However, the previous year he had suffered a 25 per cent pay cut to £178,791 even though the group achieved higher profits and earnings per share in that year.

Mr Taylor said that at Booker "we operate a proper incentive scheme". Up to 60 per cent of his salary can be made from bonuses linked to growth in earnings and profits. Last year he received virtually no performance-related pay.

In 1990 pre-tax profits rose 21 per cent to £119.7m and earnings were 12.9 per cent higher at 41.9p. Total pay for the directors was £1.6m (£1.1m).

Mid-States soars

Reflecting a full-year contribution from its principal operating subsidiary in the US, 1990 pre-tax profits at USM-quoted Mid-States, the automotive parts distributor, soared from £215,000 to £5.27m. The increase was struck on turnover almost quadrupled to £41.88m.

A final dividend of 2.25p makes a total of 3p – 0.75p was paid for the nine months to December 31 1989.

Correction

Hardanger Props

Borrowings of Hardanger Properties at the end of September totalled £72m, compared with the group's gross assets of £134m. The asset figure was incorrectly stated in Thursday's paper.

DIVIDENDS ANNOUNCED

Anglo-Park	int	0.5	May 31	2	-	3
Barlows	fin	1.65	June 21	1.65	2.475	2.475
Barrett (Henry)	int	2	July 1	2	-	5.65
Blue Circle	fin	7.5	July 12	7.5	11.25	11
Cent & Sheerwood	fin	0.1	-	0.1	0.2	0.1
Fisher (Albert)	int	1.75†	July 8	1.5	-	3.35
Havelock Europa	fin	2.1	July 5	2.5	3.6	2.6‡
Lep Group	fin	5	June 3	4.25	7	6
Low (Wm)	int	2.7†	June 3	2.5	-	7.75
Mid-States §	fin	2.25	July 15	0.75☆	3	0.75
Perambe	fin	1	July 5	1	1.55	1.5
Quicks	fin	1	July 12	4	3	6
Sage	int	2.7†	June 20	2.35	-	7
THF	fin	7.16	July 1	7.16	9.91	9.86‡‡
Tie Rack	fin	nil	-	0.285	nil	0.75
Vivat	fin	0.5	June 7	nil	0.5	nil
Walker Greenbank	fin	1.9	-	1.75	3.1	2.75
Whatman	fin	5.25	-	4.25	7.75	6.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡For 36 weeks. ‡‡For 15 months. ☆For nine months.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange.

TODAY

Interim- British Empire Secs & General Trust.

Finals- Berry Starquest, CSC Inv Trust, Gears Gross, Hammerson Property Inv & Dev, Hawtal Whiting, Helical Bar, Radiotrust, Roskel.

FUTURE DATES

Interims-

Kwik Save .... May 22

Sedgwick .... Sep. 3

Finals-

Cakebread Robey .... May 2

EC fisheries ministers fail to agree on conservation

By David Gardner in Luxembourg

EC FISHERIES ministers yesterday deferred until July getting to grips with the measures the European Commission believes are needed to conserve fast-dwindling stocks of white fish in the North Sea. They did, however, agree to set up a community-wide statistical register to monitor the quantities of fish landed by each member state.

It was the third failure to reach a compromise on increasing net mesh sizes, in order to allow immature cod and haddock, in particular, to escape, since last November.

Last November, the commission presented independent scientific evidence to support its claim that more than 90 per cent of fish stocks in the North Atlantic were being over-fished.

It also presented a paper claiming that there was 40 per cent over-capacity in the EC fleet and called for conservation measures.

Mr David Curry, UK fisheries minister, confirmed that Britain was going ahead with its own conservation measures. From July all boats over 400 horsepower will be obliged to have a 90mm square mesh panel in their nets. Mr Curry argued that "these unilateral measures need to be communitised".

More than a third of the UK's North Sea and west of Scotland fleet have opted to use 110mm/100mm square mesh nets.

This is in exchange for a waiver on the measure ministers agreed last December, requiring vessels in those areas of the North Sea with a concentration of immature cod to tie up in port for eight consecutive days each month. Part of the Danish fleet has also opted for this trade-off.

Commission officials, ministers and fishermen's organisations all agree that considerable cheating has gone on. If, at the end of the year, catches are little affected by the supposedly wider nets, fishermen's main objection to the measure – that their incomes would be slashed – will carry little weight and the commission's hand could be strengthened.

Fishermen's leaders lobbying yesterday's meeting expressed frustration at the piecemeal introduction of measures consequent on ministers' failure to reach agreement. Mr Willie Hay, president of the Scottish Fishermen's federation, said: "We all agree there is a need for conservation measures, and we should agree them and apply them to the whole community fleet."

● The commission has suspended negotiations with Namibia to reach an agreement on fishing rights. Mr Manuel Marin, EC fisheries commissioner, blamed the south-west African country's seizure of five Spanish vessels for illegally fishing in its waters.

The talks were at a low ebb because of what one commission official said was Namibia's failure to come up with "a reasonable offer" on rights.

Spanish officials at yesterday's meeting said their authorities had opened proceedings against 12 vessels from Spain for illegal fishing in the South Atlantic.

Squeeze on zinc at LME is over, say traders

By Kenneth Gooding, Mining Correspondent

THE WORST of the extreme squeeze on the London Metal Exchange zinc market is over, traders suggested last night, but some fears remain that the upheaval may have damaged the LME's image and drive zinc prices down to unnecessarily low levels.

The issue is important because the LME became the dominant basis for world zinc pricing last year when nearly all the North American zinc producers switched to using the exchange as a reference point for contract discussions. Most big producers elsewhere in the world switched in 1989.

Yesterday the premium to borrow zinc for immediate delivery for one day, which soared to more than $100 a tonne during on Monday afternoon, fluctuated between zero and $8 a tonne.

This was well below the $20 a day maximum informally agreed between the LME executive and Metallgesellschaft, the German group which, with associates, controls most of the physical metal available for April delivery. MG's LME ring dealing subsidiary and its clients undertook to keep the market liquid by making metal available at reasonable cost.

After the cost of borrowing zinc for a day collapsed to zero, there was talk among traders that a deal may have been done outside the market by MG and the main investment fund victim of the squeeze, said to be the Californian-based Mint Fund, which is 50-per-cent-owned by E.D. & F. Man, the London trade house.

An official said MG's trading subsidiary had not been involved in any such arrangement but he could not speak for other companies in the MG group.

Some zinc market users said the LME executive should have taken formal action to limit the daily premium to $20 a tonne, rather than relying on diplomatic pressure.

Producers expressed concern that the high price of metal for immediate delivery had encouraged a flood of zinc into LME warehouses. The arrival of nearly 15,000 tonnes was reported on Tuesday, taking LME stocks to 83,125 tonnes, little short of the highest level for seven years.

Zinc for immediate delivery closed last night at $1,215.50 a tonne, down $67, while three-month metal was down $28 at $1,162.

This meant that the backwardation (premium for cash metal over forward prices) narrowed to $53.50 a tonne having been as high as $240.

American citrus producers set up network

By Leslie Crawford in Santiago

CITRUS producing countries in Latin America and the Caribbean, as well as the US, yesterday set up an inter-regional network to promote the exchange of expertise and information to improve citrus production.

The 23 countries aim to conduct joint research programmes in areas such as pest control, the development of disease-resistant strains and the climatic adaptation of different varieties of citrus. They will also circulate information on plantings, harvests, exports and world demand which they hope will guide producers in their marketing and investment decisions.

The network was formed at a meeting in Santiago sponsored by the UN's Food and Agriculture Organisation (FAO). Mr Kerry Mulherin, deputy director of FAO's commodities and trade division, believes there are signs that surpluses are emerging in the production of certain citrus fruits.

"Expansion plans could aggravate the situation," says Mr Mulherin, "which is why it is so important to have up-to-date information to allow countries to assess their production strategies."

The network will compile a list of experts to help countries improve techniques in plant propagation, production methods, disease control and post-harvest handling.

FAO says the network "could effectively use the limited manpower and finances available to address critical unsolved problems of citrus production in the region".

The countries in the network produce more than half of the world's annual citrus production of some 65m tonnes. They are also responsible for 24 per cent of worldwide fresh citrus exports and 70 per cent of processed exports.

The members are adamant that the group will not be a precursor to a trade pact. Mr Mulherin said: "We want to encourage co-operation at the technical level, which is far easier to achieve than at the trade level.

"The general mood in the world today is not in favour of trade cartels." The Brazil delegation, however, argued that the group should tackle trade barriers within and outside the region.

"The US imposes $540 [£301] of taxes and tariffs on every tonne of Brazilian citrus juice that reaches Florida," said Mr Jose Carlos Goncalves, president of the Association of Brazilian Fruit Juice Industries. "This amounts to 58 per cent of the fob value of citrus juice before it leaves the port of Santos." Mr Goncalves added that the European Community slaps a 19 per cent tariff on Brazilian citrus exports.

As the world's biggest citrus exporter, Brazil will be co-ordinating the network's economic and trade groups. Mr Goncalves says Brazil intends to work towards opening new markets and reducing tariff barriers.

The US, with the greatest expertise in citrus production, will co-ordinate the network's research and technology transfer.

New Canadian magnesium smelter closes

By Robert Gibbens in Montreal

AN ALBERTA magnesium smelter with capacity for 12,000 tonnes of metal a year and a cost of nearly C$200m (£97m), has been shut only six months after start-up.

The plant used technology based on a British process to produce high-purity magnesium metal from magnesite ore. This involved a one-step reduction process claimed to be more efficient than technology used by the world's biggest producers, Norsk Hydro and Dow Chemical.

Magnesium metal is used in die-casting and construction components, as an alloying agent in aluminium and as a de-sulphurising agent in steel-making. The western world used about 253,000 tonnes last year, produced by Norsk in Norway and Canada, Dow in Texas, and also by Aluminum Company of America (Alcoa) and Magnesium Corporation of America.

The recession and low activity in the car industry pushed prices down from $1.60 a pound to about $1.10, roughly in line with aluminium.

The Magcan plant, near Calgary, never produced more than 10 tonnes daily. Alberta Natural Gas, a US-owned pipeline company, invested C$64m in the project and the Alberta government lent C$103m. ANG owned 54 per cent and Magnesium International (Canada), 46 per cent. ANG has now written off its investment.

Alcoa was originally associated with Magcan but dropped out before construction began, saying it wanted to concentrate investment on its aluminium smelters. In 1990, ANG moved in hoping to diversify its pipeline business.

Industry sources say Magcan produced high-purity metal for the alloy market but the process was new and it misjudged the time required for start-up. The drop in magnesium prices, high interest rates and a high Canadian dollar, worsened the situation.

Mr William Demcoe, ANG vice-president, said the new plant did not produce enough metal to approach break-even and his company had no choice but to close it.

Norsk Hydro opened a $500m smelter near Montreal late in 1989 with a yearly capacity of 40,000 tonnes.

Loud clash over tin rights

Victoria Griffith on a Brazilian courtroom battle

IN A stuffy courtroom in the jungle town of Porto Velho last week, Justice of the Peace Adamar Maciel presided over a case described as "Brazil's big-time mineral companies try to oust small-time miners from gigantic tin reserve".

The fight was over the mining rights to Bom Futuro, one of the biggest tin reserves in the world. Its outcome could alter international tin prices. The question is whether the mine will remain in the hands of the "little guys", poverty-stricken fortune hunters with no regard for international supply, or the large mineral concerns which would control output to boost prices on the world markets.

The battle is between the Garimpeiros' Production Union and Ebesa, a company held by a conglomerate of big oil companies. Paranapanema, the mineral giant, has a 49 per cent stake in the group, which aims to take control of the area. If it succeeds, Brazil's tin production would drop sharply.

On April 9, the judge decided the miners' union would need to show more evidence to support its claims to the area. Paranapanema prematurely crowed victory. "Bom Futuro is ours," said Mr Samuel Hanan, a director at the company.

The miners' union vowed to continue the battle. "We have a duty to defend our interests against monopolistic and corrupt forces," said Mr Dirceu Almeida, the union's lawyer.

Mr Hanan is counting on victory to lift sagging tin prices. "I predict that with the demise of Brazil's small-time miners, tin prices will hit $6,200 by 1992," he said. He bases his claim on a prediction that tin consumption will exceed output this year by about 23,000 tonnes.

Ebesa has been trying to kick Bom Futuro's *garimpeiros* out for three-and-a-half years, but the miners have stayed put. Now, Ebesa's luck may be turning, not because of any legal success, but because of changing circumstances. From a peak of 20,000, Bom Futuro's *garimpeiros* now number less than 1,000.

Market observers say that with the price of tin at its lowest level in real terms since the Second World War, many *garimpeiros* have simply decided it is no longer worthwhile to mine it.

Second, the differential between Brazil's official and black market exchange rates has narrowed, from 100 per cent last year to about 10 per cent. The change has deprived the *garimpeiros* of the huge exchange rate profits they previously made on smuggling.

Finally, it has become increasingly difficult for small-time miners to work Bom Futuro. Three years ago, *garimpeiros* were pulling the metal out of reserves two to three metres below the surface. Now, most of the tin reserves lie some 12 to 15 metres deep.

The Brazilian government has also done its part in pushing out the miners. The *garimpeiros*' lack of concern for the environment provided welcome ammunition.

"The *garimpeiros* cut down trees and pollute the rivers indiscriminately," said Mr Carlos Borba, economist at the minerals division of the ministry of infrastructure.

Paranapanema's Mr Hanan also said the miners only succeed in extracting 50 per cent of the metal from the rock, whereas the company can take out 85 per cent.

The government last year enacted two new laws to give the *garimpeiros* a shove. First, none of the tin production from Bom Futuro could be exported. As Brazil consumes little tin domestically, that gave the miners no legal market.

Second, the government required that any tin leaving Brazil must be accompanied by certificates of origin, which has curbed smuggling.

Bom Futuro's output is already well down. In 1990, the mine produced 17,000 tonnes of tin, compared with 32,000 in its heyday. As Ebesa tightens its grip on the area, that level may fall even further.

SA gold producer suggests ways to stimulate price

By Philip Gawith in Johannesburg

A DEMAND-LED solution to the debilitating profit squeeze on South Africa's gold industry was proposed yesterday by the country's main gold producer.

Mr Clem Sunter, chairman of the gold and uranium division at Anglo American, said that a doubling of gold consumption for jewellery over the next four years was "the only way out" of a stagnant gold price.

He calculated that if jewellery consumption doubled from current levels of about 1,800 tonnes a year to 3,600 tonnes, with 400 tonnes added for industrial purposes, and assuming world production of about 2,000 tonnes per annum, there was a prospect of demand being double supply. World demand for jewellery grew by about 300 tonnes in both 1988 and 1989.

Mr Sunter said the industry was by looking at itself only as a producer. He said it should pay closer attention to the customer. "We are going to have to promote ourselves out of trouble," he said.

He suggested that the levies gold producers pay to the World Gold Council, the international agency which promotes the consumption of gold, should be increased, perhaps being linked to the gold price.

A tightening of the world gold market would encourage central banks to hold on to their gold, said Mr Sunter.

Mr Sunter highlighted action on the supply side to improve the industry's outlook:

● Curbing cost escalation – Anglo American wants to keep its costs per kg of gold produced flat for two years.

● Better use of technology, such as higher speed transport underground, cutting ore rather than blasting it and improving metallurgical recoveries.

● Improving remuneration systems with reward more closely based on contribution.

● Better management systems, with key decisions taken at the mine, not at head office.

● The trend towards area contribution accounting, treating each shaft as a profit centre.

US agriculture secretary 'optimistic' on EC reforms

By Nancy Dunne in Washington

MR EDWARD Madigan, the new US agriculture secretary, has expressed "optimism" about the outlook for agriculture policy reform measures in the EC.

In a congressional testimony this week, he said preliminary reports indicated that it might be "some time" before reforms emerged.

However, the reform effort had led to "a more constructive attitude on the part of the EC negotiators" in the Uruguay Round.

On the domestic front, the secretary predicted that US farm exports would decline in the 1991 fiscal year to $37bn (£20.6bn) from some $40bn last year.

This was partly due to increased production abroad. He also pointed to potential reductions in imports in large markets such as the Soviet Union.

The sector's balance sheet is showing a healthy improvement. Farmland values rose by about 3 per cent in 1990, after showing moderate increases in the three preceding years.

Total farm debt fell from $193bn in 1983 to $134bn. As a result the debt-to-asset ratio stood at 16 per cent in 1990, lower than it was in 1980 and substantially lower than the 23.9 per cent level in 1984.

Although some producers were still experiencing threats to their farms, the sector as a whole had recovered from the severe stresses of the 1980s, the secretary said.

Commodity prices are expected to be only slightly lower than last year. Stocks of wheat and dairy products are expected to rise.

Livestock and poultry output is climbing, but market conditions are likely to remain favourable for hog and cattle producers.

Farm income is likely to be "relatively stable" in 1991 with net cash income forecast in the $53bn-$58bn range, compared to $58bn in 1990.

Net farm income may drop slightly to the $42-$47bn level as a result of lower crop prices and higher input costs.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold fell below $360 a fine ounce on the London bullion market yesterday, while silver finished below 400 cents a fine ounce after sharp early falls on Comex, where May silver fell nearly 15 cents on heavy liquidation by computer-managed funds and speculators. Heavy commission house and fund liquidation also knocked New York raw sugar futures down in early trading. By midday the active July contract had touched a low of 7.98 cents a lb. Dealers said reports of a loosening of supplies spurred the fall. Despite a denial by Australia, US traders said a five-year USSR/Australia sugar deal could be in jeopardy. On the LME copper prices closed near the day's highs, supported by further technical tightness for May metal. Dealers said premiums for May metal had widened recently amid option-related covering and concern over possible disruptions to Peruvian and African supplies. Aluminium prices had eased from firmer morning levels by the close as talk circulated of a further rise in LME stock figures due today. This underlined the general belief of traders that recent improvements were mainly technically based and not backed up by fundamental factors.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.30-7.45u	-.375
Brent Blend (dated)	$19.30-9.35	-0.60
Brent Blend (Jun)	$19.10-9.15	-0.45
W.T.I. (1 pm est)	$20.80-0.85u	-0.55

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$246-248	-2
Gas Oil	$185-186	+1
Heavy Fuel Oil	$70-72	
Naphtha	$212-214	+6
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$357.60	-3.15
Silver (per troy oz)♣	398.5c	-8.5
Platinum (per troy oz)	$404.25	+3.75
Palladium (per troy oz)	$99.65	+2.90
Aluminium (free market)	$1420	+25
Copper (US Producer)	114c	+1½
Lead (US Producer)	33c	-1
Nickel (free market)	418c	+3
Tin (Kuala Lumpur market)	14.84r	+0.16
Tin (New York)	256c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	112.94p	+0.83*
Sheep (dead weight)†	214.77p	+19.82
Pigs (live weight)†	88.58p	+0.18*
London daily sugar (raw)	216.4t	-2.6
London daily sugar (white)	$280.0t	-0.5
Tate and Lyle export price	£228.5	-1.0
Barley (English feed)	£124	
Maize (US No. 3 yellow)	£176	
Wheat (US Dark Northern)	£97	
Rubber (May)♥	51.00p	
Rubber (Jun)♥	51.75p	
Rubber (KL RSS No 1 May)	228m	
Coconut oil (Philippines)§	$300t	
Palm Oil (Malaysian)§	$315e	
Copra (Philippines)§	$215x	
Soyabeans (US)	£152.5	-0.5
Cotton "A" Index	83.50c	+0.10
Wooltops (64s Super)	342p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul t-Apr/May u-Jun. x-Jul/Aug. s-Apr/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	176.60	187.20	186.80 172.60
Aug	176.00	188.20	188.00 174.00
Oct	179.40	187.00	187.00 175.00
Dec	176.60	187.60	186.00
Mar	177.60	186.60	185.60 180.00
May	180.60		180.00
White	**Close**	**Previous**	**High/Low**
Aug	265.5	276.0	276.0 262.8
Oct	248.5	259.5	257.0 246.5
Dec	246.5	257.5	252.0
Mar	249.4	260.0	258.5 250.0
May	254.4		262.0 255.5
Aug	258.4		260.5
Oct	249.4		259.0

Turnover: Raw 2600 (913) lots of 50 tonnes. White 1327 (640)
Paris- White (FFr per tonne): Aug 1532, Oct 1432.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Jun	19.00	19.52	19.35 18.95
Jul	18.80	19.17	19.07 18.75
Aug	18.75	19.08	18.96 18.75
Oct	18.80	19.09	18.80
IPE Index	19.57	19.61	

Turnover 7612 (12080)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
May	178.50	179.00	180.25 177.00
Jun	174.25	174.50	175.00 172.75
Jul	173.00	173.50	173.25 171.00
Aug	174.50	175.50	174.50 172.25
Sep	175.50	177.25	176.00 174.00
Oct	179.00	179.25	180.50 178.00
Nov	180.50	180.75	180.50 178.75
Dec	180.50	181.75	180.50 178.75

Turnover 8977 (7687) lots of 100 tonnes

FRUIT & VEGETABLES
Kiwifruit is a best buy this week at 15-20p each (15-20p), reports the FFVIB. Cape black seeded grapes 80p-£1.00 a lb (80p-£1.00) and Chilean seedless at 85p-£1.25 a lb (85-£1.25) are excellent fruit choices. Cauliflower is good value at 55-70p each with Dutch and English cabbage at 20-30p a lb also excellent value. Round lettuce is superb value this week at 25-35p each (20-30p), as is Iceberg at 60-65p each (60-80p). Chinese leaves from Britain are 70p-£1.20 a head, cucumber 55-70p each (55-70p) and English and Dutch tomatoes are 65-80p a lb (90p-£1.10).

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	643	650	652 640
Jul	670	674	677 666
Sep	695	698	700 690
Dec	726	727	730 721
Mar	755	757	760 751
May	774	777	775 771
Jul	792	795	792 791

Turnover: 2949 (7077) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 17 867.98 (871.21) 10 day average for Apr 18 853.31 (852.46)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
May	578	577	578 569
Jul	599	596	599 590
Sep	617	615	617 608
Nov	636	633	634 627
Jan	655	649	648 645
Mar	664	664	661

Turnover:5747 (5951) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 17 : Comp. daily 72.24 (72.63). 15 day average 72.65 (72.72)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
May	134.9	130.0	134.5 127.0
Mar	134.0	136.0	131.0
Apr	134.9	134.0	134.5 133.0

Turnover 144 (276) lots of 40 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Aug	120.00	121.50	120.00
Oct	124.00		124.00

Turnover 50 (100)lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Apr	1565	1592	1608 1580
May	1524	1535	1552 1524
Jul	1218	1235	1250 1218
Oct	1315	1338	1365
Jan	1325	1338	1365 1360

Turnover 334 (456)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	139.20	138.60	139.55 139.20
Jun	141.00	140.30	141.10 140.95
Nov	114.50	114.50	114.70 114.50
Jan	118.00	118.00	118.00
Barley	**Close**	**Previous**	**High/Low**
May	118.50	117.65	118.50
Sep	108.00	107.90	108.00
Nov	111.60	111.50	

Turnover: Wheat 280 (183), Barley 49 (90).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	112.0	111.5	111.5
May	114.0	113.8	113.8
Jun	115.0	114.0	114.5
Jul	115.0	114.0	114.5 114.0
Aug	115.0	114.0	114.5
Sep	115.0	114.0	114.5
Oct	115.0	114.0	114.5

Turnover:81 (54) lots of 3,250 kg

NGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	154.23	155.62			
May	155.00	153.50	155.00	153.80	92
Jun	153.40	153.40	154.50	153.40	125
Sep	153.20	153.10	154.20	153.20	85
Dec	153.50	152.40	153.50		13

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 15,921 lots
Cash	1409-11	1396-8	1415/1415	1415-6		
3 months	1441-3	1428-30	1460/1440	1445-6	1440-2	65,639 lots
Copper, Grade A (£ per tonne)						Total daily turnover 37,582 lots
Cash	1413-5	1378-80	1415/1408	1408-9		
3 months	1389-90	1368-8	1394/1385	1389-90	1391-2	102,123 lots
Lead (£ per tonne)						Total daily turnover 2,469 lots
Cash	328-9	326-7	329/329	328.5-9.0		
3 months	341-1.5	339-9.5	342/340	341-1.5	341.5-2.0	14,249 lots
Nickel ($ per tonne)						Total daily turnover 2,078 lots
Cash	9010-5	8990-9010	9010/9005	9005-10		
3 months	9000-20	9010-25	9025/9000	9020-5	9010-20	8,871 lots
Tin ($ per tonne)						Total daily turnover 1,391 lots
Cash	5500-5	5490-5		5500-10		
3 months	5591-5	5585-90	5625/5595	5595-600	5595-600	5,301 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 12,871 lots
Cash	1213-8	1280-5		1225-30		
3 months	1161-3	1189-91	1194/1150	1176-8	1165-7	22,868 lots

LME Closing £/$ rate:
SPOT: 1.7707 3 months: 1.7469 6 months: 1.7270 9 months: 1.7120

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	357.40-357.80	
Opening	361.25-361.75	
Morning fix	361.20	203.241
Afternoon fix	359.15	201.622
Day's high	361.50-361.90	
Day's low	357.40-357.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.29	6 months	5.17
2 months	5.25	12 months	5.13
3 months	5.23		

Silver fix	p/fine oz	US cts equiv
Spot	232.45	412.10
3 months	239.00	418.05
6 months	245.45	424.45
12 months	257.80	438.30

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	360.00-361.00	202.25-202.75
Maple leaf	369.00-370.00	207.25-207.75
New Sovereign	87.00-88.00	49.00-49.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	Apr	May
1300	112	136	0.5	6
1400	26	62	14	30
1500	1	20	88	86
Copper (Grade A)	**Calls**		**Puts**	
2400	97	94	4	63
2500	27	60	34	117
2600	3	24	110	189
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
560	8	75	59	8
600	3	41	104	24
650	1	20	152	53
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
600	74		5	
650	37	59	17	25
700	15	42	45	46
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	112			
1950	58			
2000	38			

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	357.9	361.8	362.3	357.0
May	358.7	362.4	0	0
Jun	360.2	363.7	364.7	359.0
Aug	363.1	366.6	367.3	362.2
Oct	366.3	369.8	370.2	365.7
Dec	369.6	373.1	373.5	368.5
Feb	372.9	376.4	372.5	372.5
Apr	376.2	379.8	376.5	376.5
Jun	379.8	383.2	381.0	381.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	394.0	402.8	401.5	394.0
Jul	398.0	406.6	410.0	396.5
Oct	401.9	410.4	412.9	401.5
Jan	405.3	413.9	416.4	409.0
Apr	409.7	418.3	0	0
Jul	414.2	422.8	414.2	414.2

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	393.9	408.7	400.0	400.0
May	394.5	409.5	413.9	393.0
Jun	396.8	411.8	415.5	399.0
Jul	399.4	414.4	419.0	399.0
Sep	404.4	419.4	423.0	404.0
Dec	411.5	426.5	430.0	411.0
Jan	413.9	428.9	0	0
Mar	419.2	434.2	437.5	422.0
May	424.5	439.5	0	0
Jul	429.9	444.9	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	111.15	110.50	111.30	111.05
May	111.40	111.00	111.80	110.40
Jun	110.60	110.20	110.35	109.80
Jul	109.90	109.80	110.50	108.90
Aug	109.20	108.95	109.00	108.95
Sep	108.50	108.35	108.70	107.80
Oct	107.75	107.65	0	0
Nov	107.45	107.35	0	0
Dec	106.70	106.65	107.20	106.00
Jan	106.05	106.00	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	21.02	21.71	21.45	20.95
Jun	20.68	21.30	21.07	20.60
Jul	20.43	20.91	20.71	20.37
Aug	20.24	20.65	20.47	20.20
Sep	20.12	20.45	20.30	20.07
Oct	20.04	20.31	20.14	20.01
Nov	20.03	20.22	20.10	19.85
Dec	19.93	20.16	20.04	19.90
Jan	19.81	20.09	19.95	19.85
Feb	19.83	20.03	19.87	19.75

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5560	5613	5620	5520
Jun	5500	5596	5560	5470
Jul	5505	5600	5555	5490
Aug	5565	5630	5610	5560
Sep	5710	5760	5740	5705
Oct	5800	5850	5825	5800
Nov	5900	5940	5930	5895
Dec	5980	6025	6020	5960
Jan	5995	6050	6030	5995
Feb	5880	5930	5910	5880

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1076	1082	1081	1073
Jul	1103	1112	1114	1100
Sep	1134	1142	1142	1132
Dec	1174	1182	1180	1173
Mar	1209	1217	1215	1209
May	1235	1240	1250	1237
Jul	1260	1262	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	91.10	91.20	91.45	90.65
Jul	93.50	93.65	93.80	93.05
Sep	95.50	95.90	95.90	95.20
Dec	98.50	99.00	98.90	98.40
Mar	101.00	101.40	101.45	101.00
May	103.05	104.50	0	0
Jul	104.55	107.00	0	0
Sep	108.00	109.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	8.06	8.51	8.39	7.94
Jul	8.03	8.39	8.28	7.81
Oct	8.00	8.36	8.28	7.88
Mar	7.99	8.35	8.28	7.88
May	8.10	8.44	8.15	8.10
Jul	8.15	8.50	8.35	8.35

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	86.48	86.32	86.94	85.60
Jul	86.56	86.44	86.95	85.95
Oct	75.82	75.57	76.00	75.77
Dec	71.36	71.22	71.39	71.20
Mar	72.35	72.20	72.40	72.10
May	72.80	72.75	72.80	72.70
Jul	72.87	72.81	72.99	72.99

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	115.15	116.15	116.00	114.90
Jul	115.10	116.75	116.30	115.00
Sep	115.50	116.85	116.40	115.50
Nov	115.90	117.25	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 18	Apr 17	mnth ago	yr ago
1727.5	1732.6	1721.3	1919.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr 16	Apr 15	mnth ago	yr ago
Spot	126.47	126.27	124.57	135.31
Futures	128.98	128.66	128.54	133.19

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	582/0	582/2	583/6	580/2
Jul	594/4	594/0	596/0	592/0
Aug	599/0	599/4	600/4	597/6
Sep	603/0	601/0	604/4	601/4
Nov	612/2	612/0	614/0	610/4
Jan	623/4	623/0	625/0	622/4
Mar	634/4	633/0	636/0	634/0
May	642/6	642/0	644/0	642/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	21.31	21.26	21.40	21.19
Jul	21.67	21.58	21.74	21.53
Aug	21.82	21.76	21.90	21.74
Sep	21.97	21.92	22.06	21.90
Oct	22.12	22.05	22.18	22.05
Dec	22.39	22.30	22.45	22.28
Jan	22.45	22.40	0	0
Mar	22.72	22.67	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	170.4	170.5	170.9	169.5
Jul	173.5	173.9	174.3	172.8
Aug	174.9	175.4	175.3	174.3
Sep	176.8	177.4	177.7	176.0
Oct	177.7	178.3	178.2	177.3
Dec	180.9	181.4	181.7	180.5
Jan	181.2	182.0	0	0
Mar	185.0	1185.5	185.0	185.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	254/0	254/0	254/6	253/2
Jul	260/4	260/4	261/2	259/6
Sep	259/4	259/6	260/4	259/2
Dec	258/0	258/6	259/2	257/4
Mar	265/6	266/4	267/0	265/0
May	271/4	272/2	272/2	271/0
Jul	275/4	276/4	276/0	275/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	277/2	280/4	280/2	277/0
Jul	288/2	291/2	290/6	288/0
Sep	297/2	299/6	299/2	297/0
Dec	310/4	314/0	313/0	310/2
Mar	319/4	322/4	321/0	318/0
May	322/0	325/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	79.90	80.37	80.20	79.85
Jun	75.82	76.35	76.17	75.75
Aug	74.57	74.65	74.67	74.30
Oct	75.97	76.00	76.05	75.75
Dec	76.17	76.20	76.25	75.95
Feb	75.80	75.85	75.90	75.80
Apr	76.30	76.35	76.30	76.30

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	51.85	52.46	52.30	51.65
Jun	57.42	57.97	57.77	57.05
Jul	56.65	57.27	57.05	56.47
Aug	53.92	54.37	54.25	53.75
Oct	48.80	49.00	48.97	48.60
Dec	48.05	48.40	48.25	48.05
Feb	47.62	47.80	47.70	47.55
Apr	46.20	46.40	46.40	46.20

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	61.62	63.05	63.05	61.55
Jul	59.92	61.40	61.40	59.85
Aug	57.00	58.45	58.35	56.80
Feb	59.00	59.67	59.65	58.80
Mar	59.20	59.80	59.60	59.20

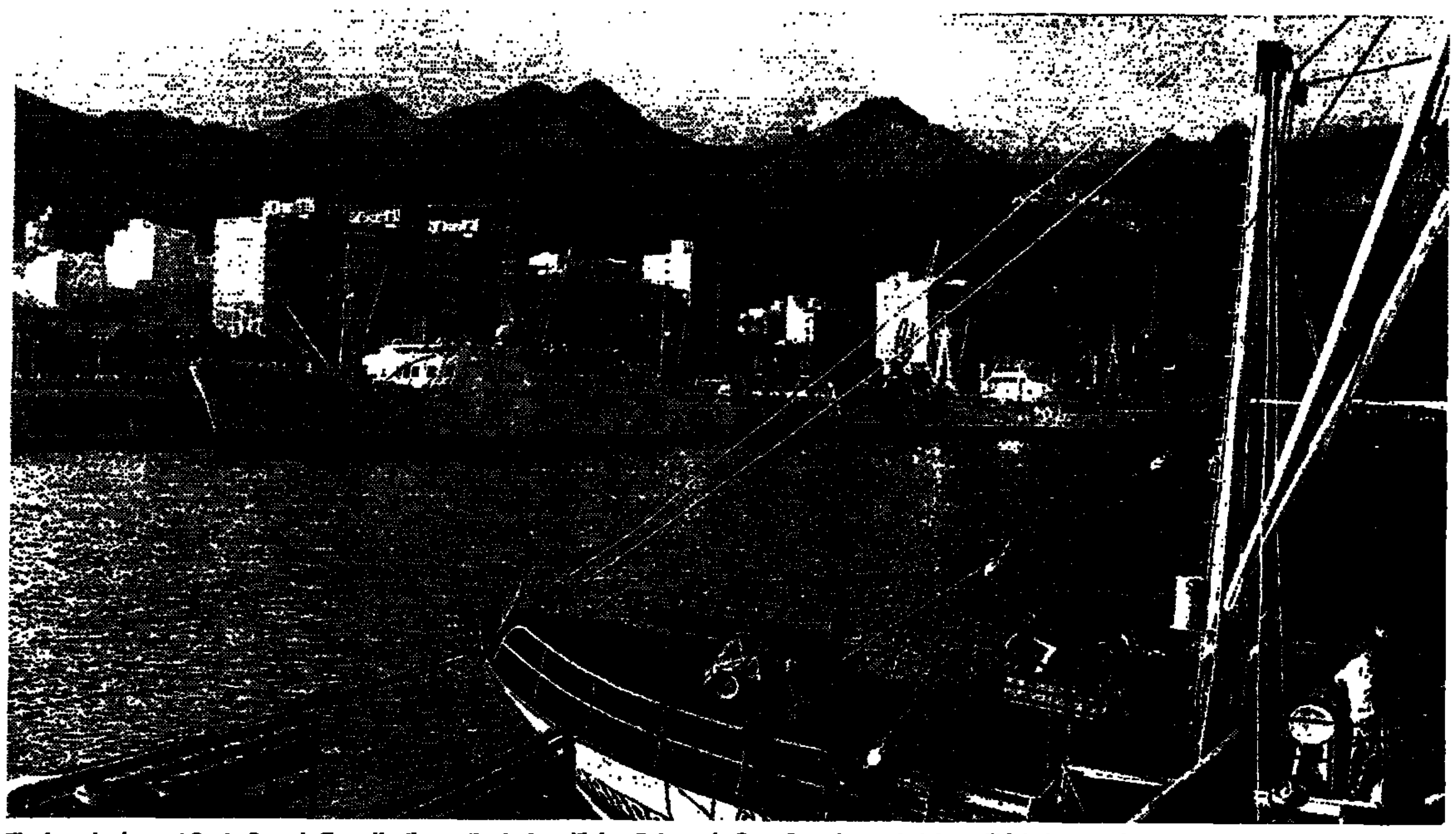
FINANCIAL TIMES SURVEY

THE CANARY ISLANDS

Friday April 19 1991

With some 7m visitors each year, tourism remains the dominant industry for the islands. But relations with the European Community and the effect on the Canaries' free-trade status will increasingly determine economic prospects, writes **Gary Mead**

EC anomalies on the agenda



The busy harbour at Santa Cruz de Tenerife: the port's rivalry with Las Palmas de Gran Canaria created the split into two provinces

THE STREETS of Las Palmas, the capital of Gran Canaria, are more reminiscent of Latin America than mainland Spain. Canarios – the inhabitants of the seven islands which make up the archipelago – speak a Spanish which might raise a sneer in Madrid, but would be perfectly acceptable in Mexico City.

Indeed, throughout this century thousands of Canarios have left their homeland in waves, headed not for the bright lights of Barcelona but to make new lives in Havana, Caracas, and Buenos Aires. Under the Franco régime in the 1950s, at least 150,000 Canarios, with the rallying slogan "Justice + Work = Venezuela", left for good.

To the casual observer the shops of Tenerife and Las Palmas, crammed full of duty-free electronic goods, cigarettes and spirits, are pure Montevideo, if slightly more up-market. But the Canary Islands are part of Spanish national territory (although geographically closer to North Africa), not Latin America.

More significantly, the Canaries are now by definition part of the European Community, following Spain's accession to the community on January 1 1986. Yet in certain respects – particularly concerning agriculture and taxation laws – the status of the islands' EC membership may still be tactfully described as irregular.

The Canaries have managed to avoid being drawn into the Common Agricultural Policy and retain the distinct advantage for tourist and resident alike of extremely liberal tax laws and duty-free import regulations. The most important political issue for the islands is their future relationship with the EC, since that will largely determine economic prospects.

These anomalies are more or less permanently on the EC's agenda, though Canarios look to Madrid to protect their privileges against the encroachments of Brussels. One of Tenerife's more touching roadside hoardings depicts a tail-drooped hound dismally standing in the middle of a road. The dog is supposedly saying "I wouldn't leave you – don't forsake me". While Canarios and Tenerfinos (islanders from Tenerife) are justifiably proud of their history and can be fiercely defensive of their autonomous status within the Spanish constitution, they are in the end supplicants at the Madrid court, hoping not to be forsaken by their much more Euro-minded mainland cousins.

The Canaries, though geographically linked and constitutionally unified, are in fact two groups of islands which, over centuries, have conducted a battle – as yet finally unresolved – for political ascendancy. Under the 1978 constitution, the Canaries form one of Spain's 17 autonomous regions, with an elected government responsible for local affairs. But in 1927 the rivalry between the two major ports – Las Palmas de Gran Canaria and Santa Cruz de Tenerife – created a split into two provinces, which remains the case today.

The rivalry is either a matter of deep cultural difference or petty economic squabbling, depending on one's proximity to the quarrel.

Nevertheless, it is taken seriously on the islands, where there still exist authoritative voices calling for a complete partition of the islands into two autonomous regions, one centred on Santa Cruz de Tenerife, the other on Las Palmas de Gran Canaria.

To an outsider the causes and nature of the disputes between the two sets of islands can seem esoterically remote; but anyone wishing to do business there should beware of the prickly partisanship of Canarios versus Tenerfinos, and everyone against the butt of most local jokes, the Gomerans (from the island of Gomera).

The western province comprises the islands of Tenerife, with the capital Santa Cruz de Tenerife; Gomera, La Palma and Hierro. The islands of Fuerteventura, Lanzarote and Gran Canaria form the eastern province, with Las Palmas de Gran Canaria as the capital city and, at its heart, Puerto de la Luz, the largest port in Europe.

Plutarch wrote of the Canaries that they "enjoy a fortunate climate in consequence of the barely perceptible change of the seasons". The name stuck, and for centuries they were known as the Fortunate Islands. But the irony is that the Canaries' climate is both a benefit and a curse, since the sun so beloved by millions of pale northerners is accompanied by serious water shortages, particularly on the eastern islands of Lanzarote and Fuerteventura.

Paradoxically, the Canaries may be said to be fortunate to have survived and developed as successfully as they have. They flourish thanks to a knack for generating a series of economic monocultures to meet contemporary demands.

The latest such monoculture is tourism, so that in spite of years of net population loss through emigration, the Canaries thrive on a regular influx of British, Scandinavian and German tourists, many of whom eventually put down roots. Around 7m tourists visit the islands each year and have displaced tomatoes and bananas as the Canaries' best source of foreign earnings.

In the early 19th century Admiral Horatio Nelson was one of the first British visitors to pay a business call to Tenerife, where he attempted to capture a Spanish bullion ship, losing an arm in the process.

While today's tourists are not likely to suffer such extreme consequences of a foreign adventure, doing business on the Canaries might still cost the unwary an arm and a leg, metaphorically speaking – not because Canarios are any more voracious than other communities, but simply because the islands are still in a process of considerable political and economic flux.

The last FT Survey of the Canaries was in 1972. Since then, Franco has departed, democracy has returned to Spain and the country has joined the EC.

For the Canaries the intervening 19 years have, economically speaking, been dominated by one phenomena – the vast and rapid expansion of the tourist industry. Out of the barren and arid islands of some of the archipelago have been created vast hotel and entertainment complexes for the package holidaymaker interested in an annual burst of sunshine without straining either pocket or curiosity.

But that industry is now facing a crisis of some magnitude. Of the many issues facing policy-makers on the islands, that of tourism and how best to promote it is uppermost in everyone's mind.

Certain islands, such as Lanzarote, have been the subject of what might be called construction barrages, intense campaigns to build fast and furious for the mass tourist market.

Others, such as Hierro or Gomera, are virtually unexplored and certainly unexploited tourist markets, offering spectacular natural flora and fauna for a more upmarket tourist whose idea of a holiday is more than two weeks by a hotel poolside. Tapping those additional resources must be one of the ways forward for both the islands and potential future investors.

Most investment has gone into services

Tourist slump leaves economy exposed

THE STREETS of Las Palmas, with their bustling traffic, cramped pavements and lackadaisical atmosphere remind one of any one of a dozen different Latin American capitals. Unfortunately for Los Canarios, the island's 1.7m inhabitants, the economy, in spite of the success of tourism in the 1980s, is beginning to bear remarkable similarities to some of Latin America's weaker nations.

While the Canaries are far from falling prey to the Argentine or Brazilian plague of hyperinflation, the islands have become too dependent on a series of succeeding monocultures – the latest being tourism – as the prime source of income. Few Canarios today are likely to follow the hundreds of thousands of their predecessors who, in the 1950s emigrated to Caracas, Buenos Aires and Havana. But a growing number of them face a distinctly uncertain economic future.

TOURIST VISITS, JAN-DEC 1988, JAN-DEC 1989			
Country	1988	1989	% variation
Austria	18,496	20,794	+12.4
Belgium	71,603	73,862	+3.2
Canada	1,105	1,349	+22.1
Denmark	103,917	87,276	-16.0
Finland	130,833	118,839	-9.2
France	116,724	115,400	-1.1
Holland	46,711	48,632	+4.1
Germany	365,562	365,900	+0.1
Ireland	6,746	7,655	+13.5
Italy	126,821	122,684	-3.3
Norway	21,344	19,521	-8.5
Spain	488,621	611,815	+25.2
Sweden	102,009	101,196	-0.8
Switzerland	18,215	22,468	+23.3
UK	863,358	892,948	+3.4
US	5,015	4,666	-7.0
Other	16,552	15,306	-7.5

Source: Centro de Investigacion Economia y Social de Canarias (CIES)

Mr Cayetano Gonzalez, president of the Export Club of the Canaries, says: "If the government does not do something to improve the social and economic situation then, without exaggerating, I think we might be in danger of a 'Carazco' here in two or three years from now." By a "Carazco", he means social upheaval along the lines of that which occurred in the Venezuelan capital Caracas in February 1988, when several hundred people died during food riots and mass looting.

A familiar cry from Canarios is that their economy is faced with three central disadvantages: the distance from mainland Europe; the small and fragmented nature of the community, split as it is between seven islands; and the isolated, limited extent of their natural resources.

Trevor Humphries

Public works: answer to unemployment?

While all those are true, the situation has been exacerbated by what can only be called a "get rich quick" mentality of many of the islands' business community, which has seen tourism as a cheap and easy way to quickly recover investments with large profits.

What investment there has been has largely poured into services, at the cost of long-term planning elsewhere. Now that tourist figures have stabilised at between 5m and 6m visitors a year, the economy finds itself over-rich in ugly hotels and under-nourished elsewhere.

The problem is that of recession, which has damaged all Spain. But because the Canaries have almost nothing to fall back on after a slump in tourism, the islands are more exposed and have less chance of swift recovery. Tourism accounts for more than 70 per cent of the gross domestic product of the islands, the other 30 per cent divided between industry, the ports, agriculture and construction (whose fortunes are in turn closely linked to tourism). One of the main planks in the opposition socialist party's (PSC-PSOE) campaign for elections on May 26 is a programme of public works construction, in order to soak up the many unemployed building workers.

GROSS DOMESTIC PRODUCT BY SECTOR (Pta m)								
	1986	%	1987	%	1988	%	1989	%
Agriculture/fishing	60,453	5.31	60,544	4.36	63,934	4.01	71,715	4.09
Industry	116,764	10.26	165,727	11.95	187,272	11.76	202,590	11.55
Construction	118,872	10.44	160,713	11.58	194,993	12.24	212,893	12.13
Services (inc tourism)	842,335	73.99	1,000,285	72.10	1,146,627	71.99	1,267,262	72.23
Total GDP	1,138,424	100	1,387,269	100	1,592,826	100	1,754,460	100

Source: Centro de Investigacion Economia y Social de Canarias (CIES)

WORKING POPULATION ('000s)									
	1981	1982	1983	1984	1985	1986	1987	1988	1989
Agriculture (inc fishing)	68.2	70.4	66.4	65.6	58.1	53.1	48.0	44.7	43.1
Industry	43.0	39.0	40.8	40.1	39.4	37.6	42.3	47.7	49.2
Construction	37.5	37.5	37.2	34.7	33.4	40.4	47.7	51.6	52.3
Services (inc tourism)	230.5	230.2	238.3	233.2	236.6	245.0	265.0	287.8	306.0
Total	379.2	377.1	382.6	373.6	376.1	376.6	401.0	431.4	460.5

Source: Centro de Investigacion Economia y Social de Canarias (CIES)

The islands' industrial sector is very weak, being limited solely to manufacture for local consumption. The high cost of freight and the lack of any basic raw materials mean that prospects for developing any export-led industry are dim.

Inflation during 1990 reached 5.5 per cent, compared with 7.7 per cent in 1989. Overall growth for 1990 is estimated at 2.2 per cent (compared with mainland Spain's estimated 4.4 per cent) and projected at less than 1 per cent or perhaps negative for 1991 and 1992.

Perhaps strangely, UK exports to the islands have not been affected by the local recession.

In 1985 UK exports stood at £45m ($79.65m) but that figure has more than doubled: the January-June 1990 figures alone were £53.8m ($95.22m), a 13 per cent growth over the same period for the previous year. Only Germany has a greater value of trade with the islands.

The impact of recession is mostly clearly be seen in the growth of unemployment and social deprivation, an aspect of the Canaries which few of the sun-seekers ever have cause to witness.

An officially-sponsored report published at the beginning of April (*Estudio sobre la Pobreza en Canarias*) reported that 24.83 per cent of islanders – some 98,000 people – live in poverty (defined as monthly income of Pta29,000 [$278] or less.

Within that group, a further 7.46 per cent – some 29,000 people – live in extreme poverty, with monthly income of Pta15,000 ($144.23) or less. The European Community average for the first, broader category, is 14 per cent.

UNEMPLOYMENT		
Year	'000	%
1981	77.3	17.0
1982	84.9	18.4
1983	93.4	19.7
1984	117.5	24.0
1985	134.5	26.8
1986	136.6	26.7
1987	129.1	24.4
1988	124.6	22.4
1989	123.5	21.5

Source: CIES

Unemployment, hovering at the 21 per cent mark, is almost 5 per cent higher than the Spanish national average.

While this is unlikely to spark Venezuelan-style social upheavals, it may help President Felipe Gonzalez's local representatives to score well against the centrist alliance in the upcoming May 26 elections.

There hangs a cloud of uncertainty over the islands' business community, which faces a decade of gradual easing into full adhesion to the European Community. The Canaries opted to stand aside from many of the EC's regulations when Spain joined in 1986. That has been yet another mixed blessing for the islands; the Canaries' relations with Brussels are the subject of another article in this survey.

Gary Mead

Canarios are wary of full EC membership, writes **Gary Mead**

Pressures of integration

WHEN Spain joined the European Community in 1986, the Canaries specifically excluded themselves from some of the community's more important agreements, including the common policies on agriculture, fishing, value added tax and customs relations – exclusions designed to protect and preserve the islands' free-trade status. If local sentiment were asked to consider which it distrusts more, Madrid or Brussels, it would have a tough time deciding.

But last December, the autonomous parliament approved legislation calling for full membership of the EC; the issue is now being being debated in Brussels and is a subject of considerable lobbying, report-writing and discussion.

The European Commission has drafted a set of proposals which will allow the Canaries a 10-year transition period into full membership.

In spite of the apparently successful three-way negotiations between the commission, Madrid and the Canarian autonomous government, some local businessmen have called for a referendum on the issue, which could – if ever staged and if it secured an anti-Euro majority – scotch the whole process. But as it has been almost a year since the first such calls were made, without any real sign of such a vote happening, the chances of the Canaries not becoming fully integrated into the EC are slim.

The changes which are likely to follow and which are likely to cost Madrid some Pta40bn ($38.46m) – less than half of what the Canaries' autonomous government has requested – as compensation for the supposedly deleterious effects they will have on the islands' economy include:

- free access for Canarian agricultural produce to the EC market, but controlled imports of EC origin;
- partial membership only of the customs union, with a 10-year staged integration with the common tariffs;
- special tariff norms for imports of products and goods defined as being of either basic or special necessity (including those from developing countries);
- transport subsidies.

The proposal to tie the islands into a closer relation with the EC caused a political furore in early 1989, as a tax revolt on the islands proved a source of deep political embarrassment for Madrid during its first six-month stint in the EC presidency.

The revolt centred on the Canaries' local town councils (Cabildos) refusal to support a 15 per cent reduction in import tariffs in line with the reductions on the Spanish mainland, as required of Spain following its admission to the EC on January 1 1986.

Although the Canaries were exempt from many of the Treaty of Rome's requirements, they were nevertheless obliged to reduce import tariffs in order to meet EC regulations.

Nor was the islands' autonomous government, under President Lorenzo Olarte of the Centro Democratico y Social (CDS) party, prepared to back down and see the tariffs – on which the Cabildos depended for about 60 per cent of their income – substantially cut, causing an estimated Pta11bn loss of local government income in 1988.

Canarios were already wary of the impact of full EC membership; local independent studies conducted in 1987 put the potential loss following from full EC membership at anything between Pta73.5bn and Pta100.8bn.

The fiscal fight between the Canaries and Madrid has eased, but it has given way to complex discussions on reform of the islands' special economic and fiscal status, the so-called Regimen Economico y Fiscal (REF). These debates are still proceeding and their outcome will determine the future economic course of the islands.

One of the most important proposed changes is the creation of a Canarian General Indirect Tax (Impuesto General Indirecto Canario), similar to the EC's VAT structures, but which would operate at a lower rate and at zero for a number of items affecting small businesses and consumers of basic food and other necessities.

The Canaries' accession to full EC membership will be accompanied by an EC-directed economic support programme, the "Programa de Opciones Especificas de la Lejania e Insularidad de las Islas Canarias", or POSEICAN, which is designed to take account of the islands' distance and isolation from the rest of the community.

Despite the fears of many Canarios that full EC membership would lead to the end of many of their special tax privileges, the end of their successful banana export programme to a captive Spanish market and a subjugation to Madrid's dictates over local fiscal authority, it is now clear that by June – when the European Commission is likely to pronounce on the precise terms of the islands' new status within the EC – a suitable compromise will have been reached. The islands' special tax regime will be suitably re-worded and subtly tinkered with, and yet another crack in the supposedly "common" market will have been papered over.

As a sweetener to ease the growing pains, the director-general of economy and planning in the Canaries' government, Mr Jose Cristobal, announced on April 10 that up until 1993 the islands will receive a total of Pta268.796bn from EC support grants – enough, perhaps, to sugar even the bitterest pill.

Santa Cruz de Tenerife and Las Palmas de Gran Canaria face competition from Agadir, writes **Gary Mead**

Ports provide that vital economic lifeline

THE Canary Islands depend on tourism for foreign earnings, but the two major ports – Santa Cruz de Tenerife and Las Palmas de Gran Canaria — are equally crucial to the economic life of the community, since the vast bulk of all imported goods arrive by sea. Las Palmas is Spain's busiest port, and is placed fifth in Europe in terms of traffic handled. Both are free ports and goods enter without customs dues.

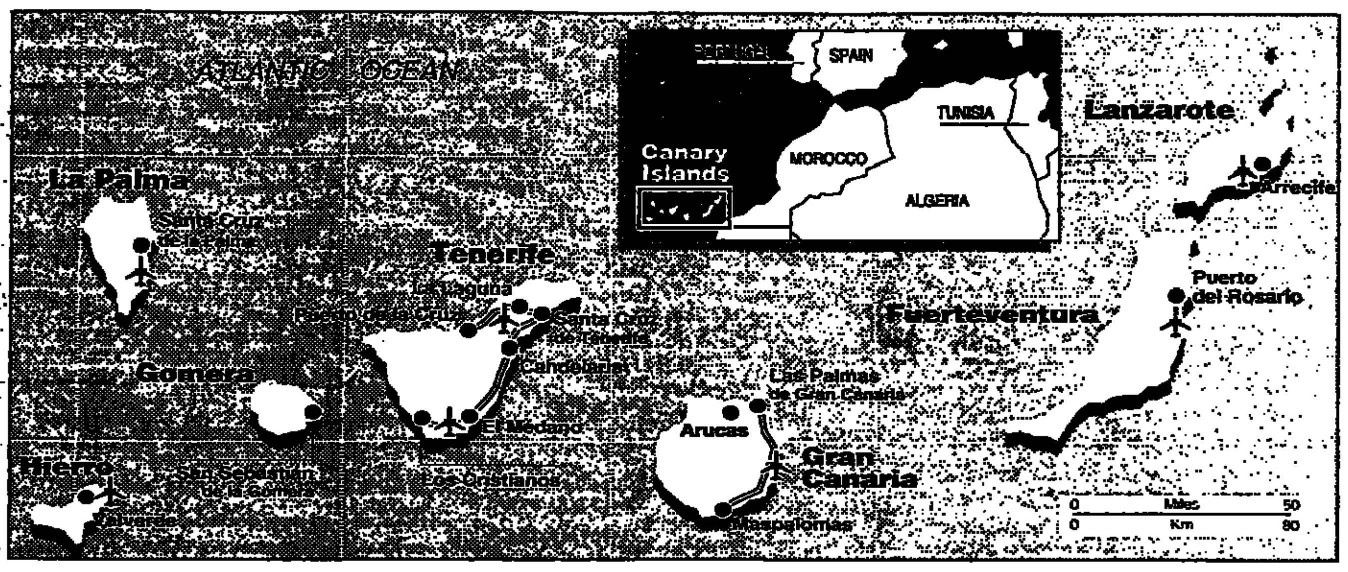
To some extent the autonomous region of Las Canarias, which awkwardly sub-divides into the two separate provinces of Gran Canaria and Tenerife, is handicapped by much of its central bureaucracy being handled by the central state from Madrid. This is particularly true of its ports, which are under the direct control of Spain's ministry of public works. That ministry administers via two control boards, one for each province. But it is Madrid which dictates policy – and handling charges for visiting ships. Central government supervision of the container, repair and bunkering services means that although the Canaries' ports are free ports, charges are the same as in all other Spanish ports.

In spite of that disincentive, fishing fleets from Japan, South Korea and the Soviet Union have made made both ports their main international bases. Shops selling an array of duty-free watches, cameras and other luxury goods commonly display signs in Cyrillic throughout the port area of Las Palmas.

There are well-advanced plans to make the Canary Islands Europe's latest offshore ship register, certainly before June 1991. Spanish shipowners and their professional organisation, the Asociacion de Naveiros Espanoles (Anave) have been lobbying Madrid for some time to permit such a new register, their complaint being the high cost of operating under the Spanish flag.

The interest of the Canary Islands' government – which has been promoting the new register – is obviously related to its attempt to find ways of continuing the growth in the islands' shipping industry. The ship owners stand to benefit from the low tax rates of the new register (from zero tax ratings upwards), and reduced social security contributions.

Spanish seafaring unions initially fiercely opposed the new register idea, but have since been mollified by an undertaking that the Canary register will permit the contracting of European crews only.



LAS PALMAS

There are nine principal docking areas, including fishing, commercial traffic, a naval base and repair docks, stretching for 11,000 m. The dock is capable of receiving the world's largest ships. Considerable warehouse and storage space is available: 215,000 sq m open-air and 150,000 cu m of refrigerated space, 28,000 sq m of covered and 5,000 sq m of semi-covered space – all of which are to be expanded by 20 per cent over the next five years.

The facilities offered by Las Palmas include rapid re-fuelling (between 30 and 1,500 tonnes per hour from more than 350 supply points throughout the dock) and rapid resupply of fresh drinking water; the port's desalination plant can pump 500 tonnes per hour from 240 different points, and an ice-plant produces 200 tonnes daily.

But it is the port's duty-free status, meaning cheaper fuel, together with its convenient position en route to Europe, Africa and the Americas, which make it an especially attractive spot for major shipping companies.

While Las Palmas remains healthily profitable, recording a net profit in 1989 of Pta2.230bn – almost double 1988's performance – on a turnover of Pta4.168bn (up 28 per cent from the 1988 figure of Pta3.249bn), its position is under threat. Traffic grew by just 1.06 per cent in 1989; passenger trade fell by almost 25 per cent in the same year. The port employs some 2,500 people, and there are accusations from shipping agents that that figure is excessive and consequently the port's rates are becoming less competitive.

Moreover, both Las Palmas and Santa Cruz are likely to face strong competition from the developing port of Agadir in nearby Morocco. Port officials in the Canaries dispute the idea that Agadir can compete today, arguing that the quality of service offered locally far outweighs any price advantage in Morocco. But they are aware that the situation is bound to change within a very short time.

The local port authority – currently in the hands of officials appointed directly by the socialist government in Madrid – has managed to obtain central government support for some Pta19bn to be invested in the next five years at Las Palmas and the smaller ports on the islands of Fuerteventura and Lanzarote, improving and extending storage and ferry and cruise facilities.

SANTA CRUZ DE TENERIFE

Though smaller than Las Palmas, Santa Cruz remains one of Spain's more important ports, with 9,000 m of wharves, roll-on-roll-off facilities and large container areas.

Declared a free port in 1852, Spain's first oil refinery was built in the port, in 1930. Today, the dock has some 300,000 sq m of open air and 86,000 cu m of refrigerated storage space, 27,000 sq m of semi-covered area and 13,800 sq m of fully covered storage space.

But the most important scheme in the mind of the port's president, Mr Pedro Meneses, is to expand the port's cruise liner and tourist traffic. He has hired a marketing company to investigate ways of capturing a bigger share of the Canaries' passing tourist trade.

Against suggestions that Santa Cruz's relatively high charges prevent the port increasing its traffic, Mr Meneses says: "What we are offering is the equivalent of a five star hotel service, in terms of speed, efficiency and quality of service. Of course, there are cheaper ports in the region, in Morocco and other parts of North Africa, but they do not compare in terms of service."

Mr Meneses has five ports under his jurisdiction (including that of Santa Cruz), the five being part of the separate province of Tenerife. His administration has plans to develop Santa Cruz's infrastructure, which will cost Pta10bn and will include a new container terminal at Bufadero, covering about 12 hectares; expansion of the passenger terminal; and improving traffic flow between the docks and around the harbour area.

LAS PALMAS	
Total ship visits	16,987
Total gross tonnage	50,567,237t
Of which:	
Cargo vessels	11,568
Gross tonnage	47,409,172t
Fishing vessels	4,419
Gross tonnage	3,159,085t
Vessels served 'offshore'	44
Gross tonnage	2,920,635t
Merchandise	
Total tons	9,766,623t
Oil/fuel	2,881,353t
Bulk liquid	22,185t
Bulk dry	852,347t
Gen merchandise (loaded)	1,587,429t
Gen merchandise (unloaded)	2,454,997t
Fish	330,460t
Ships' supplies	1,854,126t
Transhipped merchandise	4,809
Passengers	
Disembarked/ embarked	695,279
In transit	61,070
Containers	
Units (20 ft equivalent)	201,688
Tonnage	1,834,514t

SANTA CRUZ	
Total ship visits	13,136
Total gross tonnage	51,021,168t
Merchandise	
Total tons	6,121,725t
Oil/fuel	485,384t
Bulk dry	957,759t
Gen merchandise (loaded)	1,320,530t
Gen merchandise (unloaded)	2,157,592t
Fish	2,272t
Ships' supplies	1,198,086t
Transhipped merchandise	5,327t

1989 figures
Source: British Consulate

Growers look to Gonzalez to secure German support

Captive market for bananas

WHEN German Chancellor Helmut Kohl and Spanish President Felipe Gonzalez meet in Lanzarote next month, their discussions will centre largely on a matter of some importance to their peoples – bananas. The two leaders may, for all that is known, loathe bananas, but the citizens of their countries do not: Germans love to eat them, and Canarios love to sell them.

The Canaries retain a monopoly over the Spanish market, an anomaly granted them by the European Community but which is due to be phased out by 1996. Nearly all of the islands' annual banana exports, which amounted to roughly 400,000 tonnes valued at Pta25bn last year, are shipped to Spain. That captive market is set to be flung open to non-EC producers.

The EC is the world's largest banana market, consuming almost 37 per cent of the world's 7.9m tonnes exported in 1988, but the 12 member states run three different import regimes. The German method is the most liberal; the EC's biggest importer operates an annual quota, which is raised annually in line with demand and is met almost entirely by the cheaper and larger produce from the so-called "dollar area" of Central America.

Under current EC rules, 46 per cent of banana supplies comes from protected sources, normally possessions or former colonies of EC member states. The other 54 per cent largely comes from Central America. All EC countries, except Germany, have a 20 per cent tariff against Central American bananas. Preferential and duty-free access to the UK market is granted to the Windward Islands, Jamaica and Belize.

The European Commission has wavered on the issue of its members having different attitudes to imports, making the Lanzarote meeting of crucial importance to Canarian banana producers. With their islands about to become fully integrated with the EC, they expect Mr Gonzalez to secure Chancellor Kohl's support for an internal EC regime beneficial to the Canaries. For the Germans, the banana is equally symbolic; exemption from common tariff rules governing the fruit was a key condition for West Germany's signature of the the Treaty of Rome.

Last December, when the commission gave the green light for full integration of the Canaries (at the original behest of the islands' autonomous parliament), it indirectly raised the question of what will happen to the Canaries' agriculture, which accounts for 12 out of every 100 jobs. Bananas and tomatoes represent 70 per cent of agricultural production and 60 per cent of the total value of exports.

According to Mr Juan Sans, adviser for the EC in the department of agriculture of the Canaries' government, "there is enormous pressure being applied at Brussels by Central American producers of bananas, who are basically in the hands of three or four large oligopolies.

"They want to see completely free and unhindered entry to the EC market, because they can produce more cheaply thanks to lower wages and better climatic conditions.

"Such free entry for their produce would, purely and simply, mean the disappearance of the Canaries and other producers. That would be a catastrophe, not just for the workers on the islands but for the shipping fleets and so forth", he says.

A number of "non-papers" are currently under consideration in Brussels. Spain has not yet officially defined its position, though this may alter after the Lanzarote meeting. But canny Canarios are already willing to bet that Germans will soon have to start paying more for their bananas, which are likely to come from Tenerife rather than Tegucigalpa.

However, full EC integration, implying adhesion to the Common Agricultural Policy, would also mean that other important local crops – such as tomatoes, peppers, cucumbers and pineapples – would gain unrestricted access to the EC market.

Furthermore, the islands are likely to benefit from an EC programme of assistance worth some Pta3.7bn over three years, aimed at reducing Canarian agriculture's dependence on bananas.

In any event, the deal currently being worked out in Brussels would guarantee the Canaries their captive banana market in Spain until 1996.

Gary Mead

Gary Mead discusses the relaxed and friendly local political scene

Madrid is the common enemy

POLITICALlife on the Canaries has been relatively quiet since 1936, when General Franco left his exile on Tenerife to bring about almost 40 years of dictatorship for Spain.

Naturally, Canarios would see the matter differently, but it is perhaps no misrepresentation to suggest that the holiday atmosphere which supports the islands economically has permeated their general atmosphere, which is relaxed and friendly. The squabbles that do exist are within the traditional rivalry between Tinerfinos and Canarios; but even they quickly sink their differences in the face of the common enemy – Madrid.

The peak of the separatist movement on the islands was in the early 1970s, when Antonio Cubillo led the Movement for Self-determination and Independence of the Canary Archipelago (MPAIAC), which was implicated in bomb explosions in 1978. The MPAIAC backed closer relations with Africa, against being tied to the EC.

Libyan leader Col Muamar Ghadaffi caused local uproar in February 1987 when he said that "Spain has absolutely no legal right to the Canaries"; a number of Libyans were expelled as a result of their alleged support for local independence activists. But the handful of pro-independence politicians on the islands today stand in a clear electoral minority.

Elections for all levels of local, regional and national government are to be held on May 26. For the Canaries, the contest is largely between a centre-right coalition and the socialists, led by Mr Jeronimo Saavedra, a 54-year-old university professor of law who was president of the first autonomous Canarian government between 1983-87.

Of far greater political weight than the issue of separatism is the continuing struggle concerning Las Palmas' pressure to open a second university – the only one so far is at La Laguna on Tenerife. In April 1989 thousands of Tinerfenos took to the streets to protest against moves to re-open the issue, responsible for the collapse of a coalition government in 1988.

Mr Saavedra says that any politician hoping for office on the islands "has to recognise the self-limitations of the islands. There are 7,000 fragmented kilometres here, far from the European continent. Moreover, we have a very strong demographic pressure, since 1980 the highest birth rate in Spain. There is a scarcity of cheap energy supplies and we don't have basic raw materials."

For him, the "only possibility that we see for the recuperation of the Canaries' previous high growth rates or to achieve average national growth rates is the re-launching of public investment in construction of housing. We have a shortage of more than 10,000 houses in the urban centres. Without that, the urban centres are not going to be able to reactivate, economically speaking. If that continues, then the negative growth of 1990 will continue for several more years."

As Mr Saavedra sees it, May's battle will be fought firmly and squarely on economic performance. The public sector is one of the Canaries' largest employers but wages are depressed. More than 50,000 of the 450,000-strong workforce, in his estimation, depend on various government offices of the Canaries for employment.

"There has been an exaggerated inflation of the public sector, particularly in the last two years and especially in the autonomous government", charges Mr Saavedra.

A plan to reactivate the tourist sector is a vital necessity, says Mr Saavedra, "so that some of the obsolete installations, dating back 20 or 30 years, can be updated and improved." He dismisses President Lorenzo Olarte's April announcement of a Pta10bn subsidy for the tourist sector as "misleading", in that the bulk of the subsidy is to be destined for improvement to airport facilities.

"In that area, of air transport and infrastructure, the autonomous government has no jurisdiction. It's a central government responsibility. To present the reality of the situation in such a disfigured fashion is habitual in the current government of the Canaries."

Mr Saavedra takes a tough view of the argument, common on the islands, that Madrid neither cares for nor thinks of the Canaries and their problems of distance, isolation and geographical hardship. He points out that the islands have long enjoyed favourable tax regimes.

"According to the pseudo-nationalists of the islands, who accuse Madrid of abandoning them and mount a barrage of complaints against Madrid, the Canaries is the poorest region of Spain. That just is not true. That hides the fact that the Canaries is precisely in the middle, we have an income per inhabitant only very slightly less than that of the national average. There are communities much more worse off than ours", argues Mr Saavedra.

Nor is he worried by the imminent complete adhesion of the Canaries to the European Community.

"The Canaries are trying to join the community with a series of very important exceptions in order to avoid greater unemployment and inflation, particularly in foodstuffs, since as we are going to join a system of subventions and quotas at an international level that will inevitably mean heading towards international prices.

"I think the only negative consequence of our becoming full members of the community could be in our food processing industry, if we don't have – for another five years at least – a protectionist tariff placed against those similar goods which come from outside the EC."

Mr Saavedra believes such protectionism is necessary to shelter small companies from dominant multinationals. But he wants to see the end of such minor local protectionisms – their function is "only to protect those factories which spring up today and which, without protection will disappear tomorrow".

WESTERN ISLANDS

Green, fertile and volcanic

GOMERA: The most important news for Gomera is that it is finally due to have its own airport. The only one of the seven islands lacking an airport, Gomera's new landing spot is to be built with Pta3.3bn ($31.7m) support from the local government and the European Community. Part of the stipulation any contractors – and tenders from all EC member countries are invited – must meet is to complete the work within three years; the government hopes work will start by July 1992.

Gomera is the second smallest island in the group, with a surface area of roughly 370 sq km; its coastal perimeter is just 87 km.

A volcanic island, Gomera's 20,000 inhabitants suffer a familiar Canarian problem – water shortages, hindering all but the most basic agricultural development. It is connected to the other islands by a ferry system from its capital, San Sebastian, across 32 km of water to the port of Los Cristianos in southern Tenerife. Tourists tend to spend brief periods on Gomera, depending on the ferry shuttle service.

Columbus sailed from Gomera in 1492 on his voyage to the New World; other, supposedly more sophisticated Canarios say that was the last time anything happened on the island. The only resort hotel is the Hotel Tecina, which provides a comfortable spot to launch off into the lush green forest, ideal for walking holidays.

One of Gomera's many curiosities is a language exclusive to the island, a whistling language called Silbo and used to communicate across valleys.

HIERRO: The smallest and least populated of the Canaries, its 274 sq km area being home to just 6,000 people, Hierro is one of the more fertile islands; production of wine and livestock farming are the main commercial activities. Tourism is limited, with just one hotel offering four rooms on the quayside of Las Puntas. Its main town, Valverder, lies inland, the only capital of the islands not on the coast. Adventurous explorers may spend time searching out concealed beaches along the southern coast, where strange circular rock-carvings, known as Los Letreros and thought to be a primitive script, can also be found.

LA PALMA: Fifth largest in the island group (728 sq km), La Palma has a population of 72,000 and is 97 km from Tenerife. The greenest of the Canaries, one of its most famous features is the Caldera de Taburiente, one of the world's largest volcanic craters stretching 9 km across. La Palma's volcanoes are still quietly murmuring to themselves; the last major activity was in 1971 when a new volcano erupted in the side of an older. The new volcano, Volcan de Teneguia, still smoulders.

The island's main town, Santa Cruz de la Palma, is architecturally interesting, its houses decked with colourful balconies. La Palma is also home to one of Europe's most important astronomical observatories, at the high point known as Roque de los Muchachos.

TENERIFE: More than 600,000 people live on the group's largest island (2,056 sq km). Tenerife has always been the best-known of the Canaries. Many English and German citizens have so fallen in love with it that they have taken up permanent residence. Although most of the administrative offices and functions are now in Las Palmas, Tenerife has managed to cling to the Canaries' only university. Pressure in Las Palmas to create its own university caused a political uproar in 1988 and led to the collapse of the government.

Gary Mead

Gary Mead explores the eastern islands

Study in contrasting styles

FUERTEVENTURA: The Spanish poet Miguel de Unamuno described Fuerteventura as "an oasis in the midst of the desert of civilisation" when he was exiled there in 1924. Today, Fuerteventura can truly be described as one of the "Fortunate Islands" in that it is relatively free of package tourists.

The islands are home to more than 3,000 members of the Spanish Foreign Legion, whose reputation concedes nothing in toughness to that of their French counterparts. The legion was originally based there with the purpose of keeping an eye on King Hassan II of Morocco, who in the mid-1970s successfully and peacefully invaded Spanish Sahara and recovered the territory. The troops generally keep a low profile; the islanders do not have a great love for them.

The second largest island of the group, at 1,725 sq km, Fuerteventura is a desert-like place whose capital, Puerto del Rosario, is a stepping-stone for the thousands who visit the island each year for its sun and sand. Pale Europeans riding on camels, soaking up a touch of Africa, mingle with the island's fishermen; Fuerteventura hosts some of the best of the Canaries' fishing.

But although surrounded by water, the island still has to import much of its drinking water from mainland Spain. Rainfall generally comes to the island only once a year in a downpour which may last only one night.

Mass tourism has not yet defaced Fuerteventura as it has some of the other islands; there are only 14,000 beds available to tourists on the whole island, a small proportion of the Canaries' total.

That will change by the end of this year, when the £200m, 62 acre Puerto Ventura project and a 9,000 bed hotel complex opens. A village complex of hotels, apartments and entertainments, the development is a Swiss project by a Zurich based company, Alpha Generalunternehmung. The man behind the scheme, Mr Werner Bleiker, has convinced the Canarian authorities that his village will offer Swiss quality with Spanish culture.

LANZAROTE: The volcanic arid island of Lanzarote (795 sq km, population 54,000) has become irrevocably linked in the minds of millions with cheap package holidays – the "lanzagrotty" of down market sun-worshipping. Not for nothing has the island developed the myth – which may be true – that two BBC television executives dreamed up the soap opera "Eastenders" while taking in the sun on Lanzarote; some 600,000 tourists come to the island each year.

That does an injustice to the island's natural beauty and scenic attractions. But the bad image of the island has much to do with the down-at-heel appearance of the principal town, Arrecife. The wise traveller leaves Arrecife as soon as possible and heads off for places such as the Timanfaya National Park, a reserve which is doing its best to maintain in an unspoilt condition one of the world's youngest volcanic landscapes – the last eruptions were in the early 18th century, and covered a quarter of the island's most fertile land in a layer of lava between 6 and 10 metres deep. The heat generated is such that bushes still spontaneously combust and potatoes can be cooked by burying them just beneath the earth's surface.

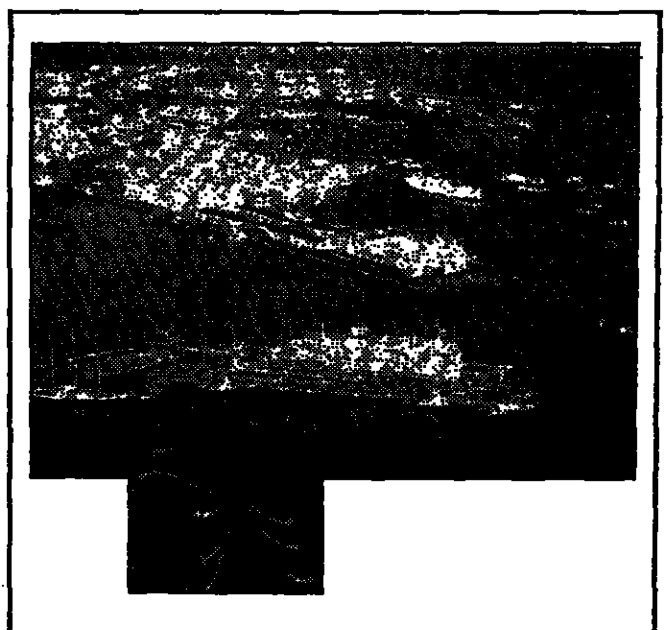
Trevor Humphries

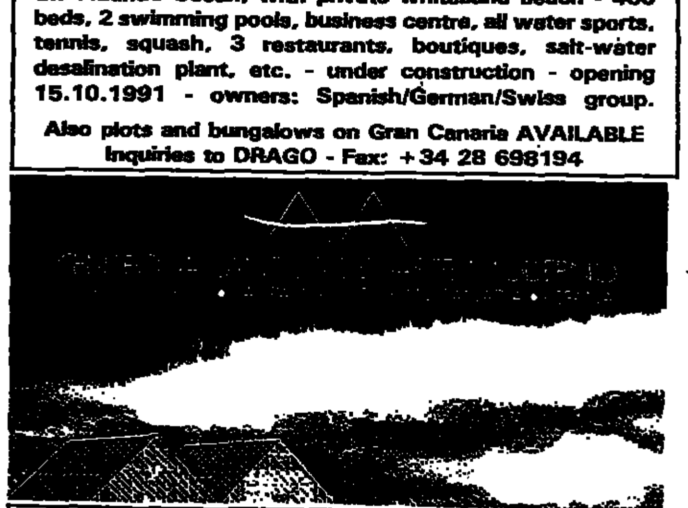
Tourists in Timanfaya National Park, Lanzarote

GRAN CANARIA: With 700,000 people living and covering an area of 1,533 sq km (making it the third largest island in the group), Gran Canaria is both the seat of government for the autonomous region and the most popular tourist destination within the islands. Its capital, Las Palmas, is both a major port and the centre of one of the island's most famous resorts, Las Canteras. But the Playa del Ingles and Maspalomas are equally well-known among the hundreds of thousands of British, German and Scandinavian tourists.

Gran Canaria has been pillaged for tourist attractions, its coastline littered with ugly and badly designed mass-market resorts. Las Palmas retains an authenticity lacking in many of the ready-mixed resorts, thanks to its necessarily retaining all the functions of a working capital.

Las Palmas was used by General Franco as his launching post for the 1936 Spanish revolution against the Republican government, which had exiled him to the islands following suspicion that he had been plotting a coup d'état. Local wits say that the Canaries have only committed two errors; the first was to prevent Nelson winning the battle of Tenerife, the second, allowing Franco to leave.





LONDON STOCK EXCHANGE

Investors remain cautious on equities

LONDON STOCKS were squeezed yesterday between a New York market struggling around new highs and a growing lack of enthusiasm for buying UK stocks at current levels. Equity volume improved but with Wall Street battling to hold on to the Dow 3,000 range as it entered the new session the UK market closed on the downside. The reduction in the US trade deficit for February had little effect on the London market, which was taking its cue from Wall Street's reaction.

Share prices closed above the day's lows, however, after Mr Norman Lamont, UK chancellor of the exchequer, reiterated his confidence in an upturn in the UK economy during the second half of the year. His statement followed disclosure that March unemployment figures for the UK showed the sharpest monthly rise for 20 years, and indicated strong recessionary pressure on the British economy.

Account Dealing Dates		
*First Dealings:		
Apr 2	Apr 15	Apr 29
Option Declarations:		
Apr 11	Apr 25	May 16
Last Dealings:		
Apr 12	Apr 26	May 17
Account Day:		
Apr 22	May 7	May 28

*New-time dealings may take place from 8.30 am two business days earlier.

Equities opened higher in response to Wall Street's move above Dow 3,000 overnight. But the day's high, a gain of 8.5 on the Footsie, was reached very early and prices soon began to melt away in the absence of institutional support. The UK employment data was unhelpful, but it was uncertainty about the outlook for Wall Street that unsettled London in early afternoon, turning the market down by ten Footsie points. In the event Wall Street looked uncertain in early trade, and showed a fall of a couple of points on the Dowas London closed for the day.

At its final reading the FT-SE Index was 6.6 off at 2,538.4, some seven points below its all-time peak. Seaq volume increased smartly after Mr Lamont's encouraging statement to record a total of 798.1m shares for the session, compared with only 481.1m on the previous day.

London Stock Exchange data confirmed that daily retail volume in equities has fallen this week, with Tuesday's session recording only £805.9m. This is an unsettling development for UK securities houses – some have been forced to make further cuts in staff levels despite recovery in average daily retail turnover to above the £1bn figure.

There were further indications yesterday of uncertainty about the near-term outlook for the UK market. Both Samuel Montagu and Nomura Research Institute Europe expressed concern about the outlook for sterling. Montagu predicted that sterling would "plunge" this summer on prospects of a general election in the UK, weakness in the German mark and domestic pressures for lower interest rates. Nomura Research was more cautious, commenting merely that this week's trend insterling indicated a possiblefurther erosion in its value.

The market took aboard a £128m bid in the brewery sector, but the much bigger bid said to be overhanging the market failed to materialise yesterday. Speculation of a takeover move on a grand scale continued to circulate, however.

The rights issue calendar, too, continued to produce only minor moves in the shape of cash calls yesterday for a further £187m from Slough Estates and David S. Smith, the packaging group.

Despite Wall Street's strength overnight the international blue chips recorded mixed changes. Oil stocks remained unsettled as crude oil prices churned around the $19 a barrel mark. North Sea exploration stocks, which are more directly influenced by crude oil prices, also weakened yesterday.

FINANCIAL TIMES STOCK INDICES

	Apr 18	Apr 17	Apr 16	Apr 15	Apr 12	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.82	84.92	85.07	85.17	85.35	75.53	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.61	94.86	94.87	94.75	94.77	85.53	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1996.4	2001.4	1985.5	2003.6	1997.5	1712.2	2014.5 (5/4)	1408.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	139.4	139.0	138.4	140.0	141.3	248.7	179.7 (14/1)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2538.4	2545.0	2519.5	2542.8	2526.1	2184.7	2545.3 (5/4)	2054.8 (16/1)	2545.3 (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1173.08	1172.46	1161.90	1176.39	1164.98	-	1176.39 (15/4)	938.62 (16/1)	1176.39 (15/4/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.82	4.82	4.86	4.83	4.84	5.19				
●Earning Yld %(full)	8.71	8.70	8.86	8.80	8.82	12.03				
●P/E Ratio(Net)(†)	14.10	14.12	13.88	13.96	13.94	10.10				
SEAQ Bargns 4.45pm	32,366	28,692	30,305	31,604	41,257	20,556				
Equity Turnover(£m)†	-	948.55	805.87	804.80	1253.31	881.60				
Equity Bargains†	-	29,186	30,948	32,122	43,019	19,955				
Shares Traded (mil)†	-	403.8	363.3	362.4	567.2	368.5				

Ordinary Share Index, Hourly changes — Day's High 2010.6 — Day's Low 1994.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2008.1	2005.9	2001.0	2000.7	2003.1	2002.1	2001.5	1995.2	1997.8

FT-SE 100, Hourly changes — Day's High 2553.5 — Day's Low 2535.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2551.5	2548.8	2542.9	2547.9	2544.5	2543.8	2545.1	2533.7	2540.6

FT-SE Eurotrack 200, hourly changes — Day's High 1177.87 — Day's Low 1171.19

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1177.87	1177.17	1176.29	1174.76	1175.57	1175.84	1171.76

GILT EDGED ACTIVITY

Indices	Apr 17	Apr 16
Gilt Edged Bargains	93.2	89.9
5-Day average	95.2	98.6

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Heavy demand for ICI

ICI led international stocks higher as the dollar strengthened against sterling and Mr Richard Wyatt at County NatWest put the stock into its Top 30 – a grouping regularly favoured by institutions.

County bases its buy recommendation on the view that "world economic growth has now reached the bottom of the trough and will be rebounding strongly by 1991 Q4." Trading volume was a heavy 3.7m as the shares climbed 35 at one point. They closed a net 32 to the good at 1100p.

Both Fisons and SmithKline Beecham continued to improve, the former on hopes that its asthma drug Tilade would at last get approval from the US Food and Drug Administration (FDA), and the latter in the wake of recent presentations to analysts. One analyst said that the talk of Tilade approval was "more than just a nod and a wink". Fisons rose 7 to 488p (up 18½ over two sessions) and SmithKline added 11 at 842p.

Racal again active

There was no let up in takeover speculation surrounding the Racal "twins", although a Racal director was reported as saying there had been no bid approaches for Racal Telecom.

There was talk that one of the big international telecom groups was about to buy a big stake in Racal Telecom from Racal Electronics, or that a full takeover bid for Racal Electronics was being prepared.

Hutchison Whampoa, the US "baby Bells" as well as Mannesman and other European groups, were being spoken of as likely candidates, as was Cable & Wireless. Racal Telecom shares rose 3 to 396p, while Electronics managed a minor improvement at 242p.

Mr John E Clarke at Daiwa issued buy notes on both stocks but emphasised that Electronics was the cheapest way into Racal Telecom, because of its 80 per cent stake. Mr Clarke attached only a 30 per cent probability to a full bid and said he believed a cash injection, in exchange for a minority stake, was more likely.

Small brewers busy

Second line brewers seethed with takeover talk after Boddington bid for Devenish. The seven for ten share swap proposed values each Devenish share at 233p, and the company at £128m.

It was described by one analyst as "a cheeky offer at the bottom of the market at a price considerably below asset value." The shares reflected the view in early trading as Boddington fell to 152p and Devenish rose to 235p. They reversed their relative motion in later trading, however. Boddington ended 6 down on balance at 157p and Devenish closed up 12 at 232p. Carr Kitcat & Aitken said Boddington was a buy because if the bid succeeded the enlarged group would have sound prospects and if it failed the company would be in play.

The two beer companies have been linked before – they were in merger talks last year and last week Devenish sold its 3.8 per cent holding in Boddington. There were suggestions earlier in the month that Boddington itself might be a target for a bid from Wolverhampton & Dudley (unchanged at 503p) and traders theorised that yesterday's move might have been an attempt to stave of such a takeover attempt.

Analysts inclined to the view that any successful bid for Devenish would have to be at 265p-270p. Much of the decision-making power is in the hands of Whitbread Investment Company (WIC), an investment trust half owned by Whitbread. It has 21.9 per cent of Boddington (Whitbread itself owns 5.9 per cent) and 15 per cent of Devenish.

Wickes placing

One of the heaviest individual turnover stocks was Wickes, the building materials, distribution and retailing group, after Hillsdown disposed of its near-19 per cent stake in the company.

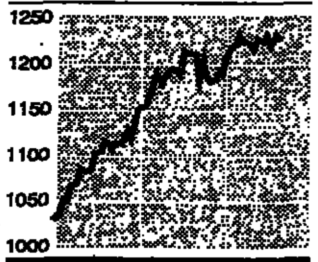
Hillsdown said it had sold 50.48m shares for £27.4m, to SG Warburg, equivalent to 54.25p a share. The Seaq delayed ticker confirmed this and a similar series of trades carried out at 55p a share showed up a short while afterwards, indicating a profit of £378,561 on the deal. Hillsdown said Warburg had placed the shares with a number of institutions.

Wickes was unperturbed by the placing and closed at 60p. Turnover was 100m. Hillsdown edged up to 262p.

A large sell order overnight left Glaxo 16 lower at 1084p and it was Wellcome's turn to suffer from worries over drug patents. A US company, Barr Laboratories, said it had applied to the FDA for permission to make a generic equivalent of Wellcome's Aids treatment AZT. Mr Robin Gilbert at James Capel expressed his confidence in the reliability of Wellcome's patents, but the shares slid 15 to 534p.

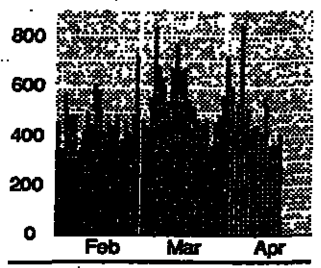
Buy notes issued by County NatWest and UBS Philips & Drew prompted heavy trade in the power generators. National closed 2¼ up at 136p on 15m and PowerGen held at 137p on 10m.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Specialists reported plenty of evidence that institutions had been selling the Water Package (10 lower at £3120) and buying the constituent stocks. Trading in the Package is expected to cease by the end of July, when the remaining packages will be unwound.

Shares in Gardiner Group, the wholesale distributor of electronic security and surveillance equipment, were unmoved at 63¼p as Scantronic placed its 16.1 per cent stake at 58p. Hoare Govett, Gardiner's broker. sold the shares to a number of institutions. Hoare placed a similar amount of Gardiner for Automated Security six weeks ago at a price of 51p. Scantronic was unmoved at 85p.

Microfocus' scintillating performance since the start of the year, when the stock was trading around 700p, was maintained with the shares closing another 112 up at 1945p.

Bass bucked the trend with an improvement of 13 to 978p as traders became convinced that any rump of stock from the rights issue would be small. A big buyer of Whitbread early in the day pushed the shares up 7 to 486p. A line of Scottish and Newcastle depressed its price 9 to 375p.

Steelmaker Henry Barrett weakened after revealing awful first-half profits of £0.3m, compared with £6.5m for the same period last year. The new chief executive still expects full-year profits to reach £5m, and his confidence was reflected in maintenance of the interim dividend payment, but the market was not consoled and the shares fell 10 to 89p.

Negative analysis in the wake of the second rights issue within a year continued to harm Morgan Crucible. Light selling, said dealers, found buyers extremely reluctant and the shares reacted to end 10 down at 238p. The nil-paid stock lost 7 to 13p premium.

Improved annual results, which included a sharply increased dividend, lifted USM-listed motor distributor Mid-States 9 to 68p.

Traders said that terms of a convertible preference issue from Slough Estates were so good that investors bought the stock to be able to take them up. The shares rose 9 to 258p amid predictions that they would fall when they went ex rights on May 15.

Blue Circle surprised the market by not announcing a rights issue and declaring it would not have one this year. The shares dropped 6 to 254p on 4.6m, however, as analysts took on board the company's cautionary noises about the outlook in 1991. Robert Fleming cut its current year forecast to £160m to allow for a much higher interest charge.

Heavy trading at the close in Saatchi and Saatchi fully paid (106m) and Ossory Estates (20m) looked like the placing of the rumps of recent rights issues.

■ Other Market statistics, including the FT-Actuaries share index, Page 29

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (281). BRITISH FUNDS (14) Treas. 10pc Cnv. 1991, Do. 3pc 1992, Do. 8pc 1992, Do. 2pc IL 1992, Do. 2pc IL 1994, Do. 2pc IL 1996, Do. 2½pc IL 2001, Do. 2½pc IL 2003, Do. 2pc IL 2006, Do. 2½pc IL 2009, Do. 2½pc IL 2011, Do. 2½pc IL 2013, Do. 2½pc IL 2016, Do. 2½pc IL 2020, Do. 2½pc IL 2024, AMERICANS (22) Abbott Labs., Am. Cynamid, Am. T & T, BankAmerica, Bankers Tst. NY, CPC, California Energy, Chase Manhattan, Contl. Bank, Gen. Electric, Greyhound Dial, Hasbro, Honeywell, Lowe's, Manufacturers Hanover, Merill Lynch, Morgan (JP), Morris (P), Rep. ... Tay Homes, Ward, CHEMICALS (6) BASF, BTP, Blagden, Caird, Jeyes, Yorkshire, STORES (18) Alexon, Blacks Leis., Cantors A, Coles Myer, Dunhill, Era, Fine Art, Leslie Wise, Lloyds Chem., Do. Prf., Martin (A), Pentos, QS, Ritz Design, Scholl, Vivat, ELECTRICALS (12) CML Microsystems, Borland, Domino Printing, Hewlett-Packard, Magnetic Matls., Micro Focus, Mleys, Motorola, Neotronics, Racal 7pc Cnv. 2009-14, Renishaw, SD-Scicon, ELECTRICITY (3) Eastern, Midlands, PowerGen, ENGINEERING (4) Cohen (A), Metalrax, Moline, Wagon Indl., FOODS (11) Assoc. Fisheries, Bensons Crisps, Goodman Fielder Wattie, Iceland Frozen, Kwik Save, Low (Wm), Morrison (Wm), Nichols (Vimto), Northern, Nurdin Peacock, Shoprite, HOTELS (2) City Centre Rests., Resort, INDUSTRIALS (39) Amer. Business Sys., BH Props., BTR Nylex, Baxter Intl., Baynes (C), Betterware, Bluebird Toys, Bowater, CSR, China Light, Cowan de Groot, Dauphin, Elys, Erskine Hse., Fletcher Challenge, Grampian, Helsinki Nycomed B, Le Creuset, Low & Bonar, MB-Caradon, ML Labs., Manpower, Novo Nordisk B, PCT, Pilkington, Portals, Powell Duffryn, RCO, Reckitt & Colman, Ropner A, Russell (A), Shaw (A), SmithKl. Beecham A, Do. Equity Units, Spandex, Stocklake, Wassall, Whatman, Willis, INSURANCE (4) Alex. & Alex., Aon, Lincoln Nat., Travelers, LEISURE (12) Airtours, Boosey & Hawkes, Border TV, Campari, Capital Radio, Central ITV, First Leis., Hi-Tec, Metro Radio, Radio Clyde, Scot. TV, Ulster TV, MOTORS (7) ABI Leis., Appleyard, DAF, Gen. Motors Ltd., Gowrings, Mid-States, Sanderson M. E., NEWSPAPERS (2) EW Fact, Metal Bulletin, PAPERS (6) Abbott ... Biotech Invs. Pl., City of Oxford Inc., Dunedin Worldwide, Edinburgh Fd. Man., Eng. & Scot. Inv., Fleming Amer., Gartmore Amer., Govett Atlantic, G. Rinsoul Sppd. Cap. Prf., Haw Paw Bros., Intrum Justitia, JF Fledgeling Japan, Jersey Phoenix, LIT., Lancs. & Lon., Lon. Amer. Ventures, M & G 2nd Dual Inc., Martin Currie Pac., Do. Wrrnts., Mexico Fd., New Zealand, Pacific Assets, Do. Wrrnts., Scot. Cities, Do. A, Scot. Natl. Zero Div. Prf., Select Assets, Do. Ln. Strats, TR Smaller Co's., Tor., Tribune, Venturi, WATER (2) Northumbrian, Wessex, OILS (4) Intl. Pet., Ranger, Royal Dutch, Shell Trans., MINES (9) Anglo Amer., Angloveal, Central Pacific, De Beers Linked Units, Impala Plat., Normandy Res., Rustenburg Plat., Southern Pacific, Swan Res.

NEW LOWS (12). BRITISH FUNDS (1) Treas. 9pc 2008 C, STORES (1) Gent (SR), ELECTRICALS (1) Semo, ENGINEERING (2) Bailey (CH), Utd. Inds., PROPERTY (2) Cussins, Wates City of Lon., OILS (2) Cairn Energy, Richmond Oil & Gas, PLANTATIONS (1) Rowe Evans, MINES (2) Cluff Oil Wrrnts., Cluff Res.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
BP	4,400	353	-4	Inchcape	815	341		Reuters	1,600	[illegible]	-1	Utd Newspapers	[illegible]	376	+5
British Steel	4,700	140½	-½	Kingfisher	853	491	+1	Rolls Royce	5,100	169½	-½	Water Package Uts.	4	£3120	-10
British Telecom	7,100	363½	-2	Ladbroke	1,500	277	-3½	Rothmans	97	840	-6	Wellcome	[illegible]	534	-15
Bunzl	1,200	95	+1	Land Securities	2,500	542	+2	Ryl Bk Scotland	368	191	-4	Welsh Water	590	341	-1
Burmah Castrol	112	595	-2	Laporte	14	598	-2	Royal Insurance	1,500	472	+2	Wessex Water	[illegible]	394	-2
Burton	2,000	98		Legal & General	1,000	459		Saatchi	8,400	20¼	+½	Whitbread 'A'	2,500	486	+7
Cable & Wire.	2,700	548	+3	Lloyds Abbey	590	437	+2	Sainsbury	1,100	374	-2	Wiggins Teape	495	[illegible]	+1
Cadburys	2,000	389	+3	Lloyds Bank	3,100	363	-2	Scottish & New.	3,100	375	-9	Williams Hldgs	1,500	325	
Calor Group	258	238	-6	LASMO	918	380	-5	Sears	3,650	92		Willis Corroon	641	330	-6
Carlton Comms.	152	464	-5	London Elect.	1,700	201	-2	Sedgwick	812	203	-4	Wimpey	134	208	+2
Coats Viyella	749	144	-2	Lonrho	481	276	-1	Seeboard	229	199		Yorkshire Elect.	202	219	
Comm. Union	992	520	+3	Lucas	2,700	165		Severn Trent Water	1,000	198	-1	Yorkshire Water	635	327	+1
Cookson	1,880	136	-2	MB Caradon	755	230	-4	Shell Transport	4,200	513	-5				
Courtaulds	850	392		MEPC	143	534	+4	Siebe	651	437	+11				

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm

EQUITY FUTURES AND OPTIONS TRADING

It was a quiet session in the derivatives sector as investors assessed the implications of the latest unemployment figures from the UK against the background of Wall Street's latest burst of strength. An early gain in the FT-SE June futures contract helped equities very briefly but the contract soon fell from the day's best and trading volume quietened down.

By the end of the session, the premium on the futures contract had shrunk to only 28 points against the underlying cash price, virtually eliminating the premium against the Fair Value calculation which allows for dividend flows and carrying costs.

Traders commented that London investors, already feeling less certain about the outlook for UK equities over the short term, are now also unsure Wall Street's underlying strength. In addition, some uncertainties over the outlook for sterling were voiced by securities analysts in London yesterday.

The Traded Options market also had a poor trading session. Some interest was shown in the Euro FT-SE contract and two London houses traded heavily in the British Telecom option.

There was some activity in Land Securities and in Asda where matched trades were operated. Elsewhere, however, the sector lacked features.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99⅝	98⅛	Treas 10pc Cv '91 ‡‡	99⅝	+⅛	10.04	[illegible]
99⅜	99⅛	Exch. 11pc 1991	99⅞	+⅛	11.01	[illegible]
98⅜	96⅞	Treas. 8pc 1991	98⅜		8.14	[illegible]

Five to Fifteen Years

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
119⅝	115⅞	Treas 15¼pc 1996‡‡	118⅜xd	-⅛	12.91	10.53
112⅛	108	Exch 13¼pc 1996‡‡	110⅝xd	-⅛	11.97	10.48
100⅛	95⅞	Conversion 10pc 1996	98⅝xd	-⅛	10.13	10.29
0	0	Do. 10pc 1996 B	100		-	-
113⅝	108⅝	Treas 13¼pc 1997‡‡	111⅛	-⅛	11.86	10.48
102⅛	97⅛	Exch 10½pc 1997	100⅜	-⅛	10.42	10.33
94⅝	89⅝	Treas 8¾pc 1997‡‡	93⅛	-⅛	9.40	10.23
122⅛	117	Exch 15pc 1997	120⅛xd	-⅛	12.49	10.63
98⅝	93⅝	Exch. 9¾pc 1998	97⅜	-⅛	10.02	10.30
85⅝	80⅝	Treas 6¾pc 1995-98‡‡	85⅜xd	-⅛	7.91	9.66
127⅝	121⅜	Treas. 15½pc '98‡‡	125⅜	-⅛	12.37	10.49
109⅝	104⅝	Exch. 12pc 1998	108⅜xd	-⅛	11.10	10.42
97⅝	92⅝	Treas 9½pc 1999‡‡	96⅜	-⅛	9.86	10.18
111⅝	105⅝	Exch. 12¼pc 1999	109⅝	-⅛	11.17	10.42
102⅛	97⅜	Treas. 10½pc 1999	100⅞xd	-⅛	10.40	10.31
101⅛	95⅞	Conversion 10¼pc 1999	99⅝xd	-⅛	10.30	10.33
94⅝	89⅞	Conversion 9pc 2000‡‡	93⅝	-⅛	9.64	10.14
116⅛	110½	Treas. 13pc 2000	114⅜	-⅛	11.36	10.50
116½	113⅛	Do. 13pc 2000 A	114⅜	-⅛	11.36	10.50
100⅛	94⅜	Treas 10pc 2001	98⅝	-⅛	10.16	10.24
118⅝	113⅞	Treas. 14pc '98-01	116⅜xd	-⅛	12.01	10.61

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
98⅞	92⅞	Treas 9¾pc 2002	96⅝	-⅛	10.08	10.23
100⅞	94⅞	Treas 10pc 2003	98⅜	-⅛	10.16	10.21
108¼	102	Treas. 11½pc 2001-04	106⅜	-⅛	10.83	10.45

Index-Linked

1991 High	1991 Low	Stock	(b)	Price £	+ or –	(1)	(2)
127⅜	125⅛	Tr. 2pc '92‡‡	(97.8)	127⅛	-⅛	1.70	4.34
117⅞	115⅞	Do. 2 '94	(102.9)	117⅞xd		3.11	3.90
171⅞	168⅞	Do. 2pc '96	(67.9)	171⅞		3.32	3.81
141⅞	137⅛	Do 2½pc '01	(78.3)	141⅞	+⅛	3.75	4.07
137⅛	133	Do. 2½pc '03	(78.8)	137⅛xd	+⅛	3.86	4.13
139⅞	135	Do. 2pc '06	(69.5)	139⅞	+⅛	3.95	4.16
128⅛	124⅜	Do. 2½pc '09	(78.8)	128⅛xd	+⅛	3.96	4.16
132⅞	128⅞	Do. 2½pc '11	(74.6)	132⅞	+⅛	3.97	4.15
109⅞	105⅞	Do. 2½pc '13	(89.2)	109⅞	+⅛	3.95	4.12
117⅞	113⅞	Do. 2½pc '16	(81.6)	117⅞	+⅛	3.93	4.10
113⅞	109⅞	Do. 2½pc '20	(83.0)	113⅞	+⅛	3.91	4.05
95⅞	91⅞	Do. 2½pc '24‡‡	(97.7)	95⅞	+⅛	3.86	3.99

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1990: 128.1 and for March 1991: 131.4.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
102	95⅞	African Dv Bk 11¼ Ln 2010	100⅜	-⅛	11.10	11.09
97⅞	91⅞	Asian Dev Bk 10¼pc Ln 2009	95⅞	-⅛	10.68	11.76
112⅞	105⅞	Int-Am Dev Bk 12¼pc 2003	110⅞	-⅛	11.33	10.90

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104¼	102½	N'wide Anglia 3⅞pc IL 2021	104		-	5.33
106½	104¼	Do 4 25pc IL '24	106¼	-¼	-	5.00

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc B	52		5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass	50		3.50	17.00
50	50	Do 6pc 28 Stb. Ass	50		3	16.00
50	50	Do 4pc Mixed Ass	50		2	16.00
55	55	Hung. '24 Ass.	55		2.75	13.57
128	120	Hydro Quebec 15pc 2011	125		12.89	11.72

Continued on next page

APPOINTMENTS

Senior posts at Windsor

■ Mr Stanley Cohen, a non-executive director, becomes non-executive chairman of WINDSOR, Lloyd's brokers, from May 1 in succession to Mr Stanley Taylor who is retiring. On the same date Mr Michael Eagles becomes chief executive. Mr Charles Earle will join Windsor in May as managing director, succeeding Mr Richard Wells, who becomes a non-executive director.

■ EQUATOR, a luggage company, has made Mr David M. Whicker its new finance director. He was finance director, Salisbury Handbags.

■ Mr Reginald Jowett has been appointed a director of SOUTHERN & CITY DEVELOPMENTS, a subsidiary of Upton & Southern Holdings.

■ QS HOLDINGS, clothing retailer, has appointed Mr Eric Holes as finance director. He was financial controller and company secretary.

■ Mr Russell Wood has been appointed managing director of MODULAR AUTOMATION, Birmingham. He was managing director of Tudor Webasto.

■ STOTT BENHAM, Oldham, catering equipment maker, has appointed Mr Allan McDonald as sales and marketing director. He was sales director of E. & R. Moffat.

■ BABCOCK CONSTRUCTION, Renfrew, has appointed Mr M. Ramsay Ross as financial director. He was financial director and secretary with Kvaerner Govan.

■ MEYER INTERNATIONAL has appointed Mr Fred V. Warner to the new post of human resources director of Jewson. He was personnel director of Payless.

■ HALFORDS, a Boots subsidiary, has appointed Mr Barrie Thrussell as director of service centres. He was service and parts director, Jaguar Cars.

■ Mr Derek McMaster has been appointed to the new post of managing director of the garden accessories division of WILLIAM SINCLAIR HOLDINGS, Lincoln.

■ OCTAVIAN UNDERWRITING has appointed Sir Francis Dashwood as chairman, and Mr Francis Mocatta and Mr Michael Acland to the board.

■ Mr D.H.F. Somerset has been appointed a member of the London advisory board of BANK JULIUS BAER, and will become chairman in June when Mr E.B. Bennett retires. Mr Somerset was chief cashier of the Bank of England 1980-88.

■ QUICKS GROUP has appointed Mr Peter Egerton to the main board as finance director. He was finance director with Embassy Hotels, and takes over from Mr Mike Davis who becomes commercial director.

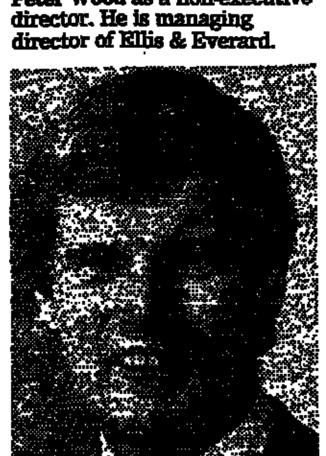
COCA-COLA GREAT BRITAIN has appointed Mr Stephen Jones (*pictured*) as operations director. He was marketing director. Mr Coen Smits becomes marketing director. He was marketing manager at Coca-Cola Holland.

■ Mr Alan J. Cole, chief executive, Transport Development Group, has been appointed a non-executive director of WM LOW & COMPANY.

■ MOWAT GROUP has appointed Mr Nirmal Bokhataria as finance director. He joins from the corporate department of Touche Ross, and succeeds Mr Brian Brass who has retired.

■ Mr Phillip Smith has been promoted to director of engineering, gas business, at BRITISH GAS headquarters. He was operations director, North Thames.

■ DAVENPORT HOLDINGS, Bradford, has appointed Mr Peter Wood as a non-executive director. He is managing director of Ellis & Everard.



PRIVATE PATIENTS PLAN has appointed Mr Colin Redman (*pictured*) as managing director of newly-formed PPP Lifetime from May 1. He is a Burns-Anderson Group director, and chief executive of Burns-Anderson Independent Network. Mr Roy Forman, PPP chief executive, will be chairman of the new company.

LONDON SHARE SERVICE

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅛	20⅞	Abbott Laboratories	30⅛xd	+⅜	$1.00	–	1.9
363p	257p	♦Allegheny & W 1c	310p	+9	30c	–	5.4
947p	667p	Amdahl 5c	908pxd	+4	10c	–	0.6
33¼	25¼	Amer. Cyanamid $5	33¼	+⅝	$1.35	–	2.3
17⅛	9⅛	Amer. Express 60c	16¼xd	+⅛	92c	–	3.1
21⅞	15¼	American T. & T. $1	21⅛xd	+⅜	$1.32	–	3.4
38¾	32½	Ameritech $1	36⅝	–⅛	$3.16	–	4.9
273p	167p	♦Atlamerica Equities	242p	–8	–	–	–
22¼	12⅞	BankAmerica $1⅝	22¼xd	+⅛	$1.20	–	3.0
28¼	20⅞	Bankers N.Y. $1	28¼xd	+1⅛	$1.52	–	9.6
29⅝	24¼	Bell Atlantic $1	27⅛xd	–⅝	$2.36	–	4.8
30⅛	25	BellSouth Corp.	29⅝	.....	$2.68	–	5.1
8½	6⅞	♦Bethlehem Steel $8	7⅛xd	+⅛	40c	–	2.9
1506p	1046p	Bowater Inc.	1403p	+53	$1.20	–	4.8
8⅞	4½	Brunswick 75c	8¼xd	+⅛	44c	–	3.0
49¾	37⅞	CPC Intnl 25c	49¾xd	+½	$2.00	–	2.2
800p	420p	California Engy	800p	.....	–	–	–
49⅞	28¼	Campbell Soup 15c	48½xd	+⅞	$1.16	–	1.3
11⅞	5⅞	Chase Manhattan $12½	11⅞xd	+1⅞	$1.20	–	6.0
8⅝	5½	Chrysler $6¼	7⅞xd	–⅛	60c	–	4.3
9¼	5⅞	Citicorp $1	9⅛xd	+½	$1.00	–	6.2
45½	34⅞	Colgate-Palmolive $1	45½xd	.....	$2.12	–	2.6
768p	438p	Cont'l Bank Corp $4	768p	+19	$1.00	–	7.3
77p	45p	♦Corporate Data Servs	72p	.....	–	–	–
17⅛	13⅞	Dana Corp. $1	16¼	+⅜	$1.60	–	5.5
861p	203p	Data General	817p	–23	–	–	–
27¼	20¾	Dun & Bradstreet $1	27	.....	$2.12	–	4.4
33¾	24¼	Eaton Corpn. 50c	33¼	+⅛	$2.20	–	3.7
7½	5½	Echlin Inc.	6⅞xd	+⅛	70c	–	5.8
17½	14⅞	FPL Group 1c	17⅛xd	.....	$2.36	–	7.7
28¼	17⅞	Fluor Corp 62½pc	27⅝xd	+1⅞	32c	–	0.6
19⅞	13⅛	Ford Motor $1	18⅞xd	+⅛	$1.60	–	3.1
42⅞	28⅞	Gen. Elect. 63c	42⅝	+⅞	$2.04	–	2.7
439p	270p	♦General Host Corp $1	393p	+8	34c	–	4.8
45¾	29⅝	Gillette $1	44⅛	+⅝	$1.08	–	1.4
91p	35p	Gt American Bank $1	42p	.....	–	–	–
19⅝	12⅞	Greyhound Dial $1½	19⅝xd	+⅜	$1.32	–	4.0
15⅛	794p	Hasbro Inc 50c	15⅛	+⅛	20c	–	0.7
35⅞	21⅛	Honeywell $1½	35⅞	+1⅛	$1.50	–	2.4
21⅝	17⅞	Houston Inds ‖	21⅝	–⅛	$2.96	–	7.8
72⅞	55⅞	IBM Corpn $1¼	62xd	+⅞	$4.84	–	4.4
27¾	18⅞	Ingersoll-Rand $2	27⅞	+1⅛	$1.32	–	2.7
24½	16⅝	Lockheed Crpn. $1	23⅞xd	+⅛	$1.80	–	4.2
3⅛	2⅛	Lone Star Inds $1	3⅛xd	–⅛	$1.90	–	–
24⅞	18⅞	Louisiana Land 15c	24⅛	+⅜	$1.00	–	2.3
1906p	1245p	Lowe's 50c	1906p	+31	52c	–	1.5
16⅛	9½	Manuf. Hanover $1	16⅛xd	+⅜	$3.28	–	11.4
23⅞	10⅞	Merrill Lynch $1	23⅞xd	+⅞	$1.00	–	2.4
18⅞	11½	Molex Inc.	17⅛	+⅛	4c	–	0.1
30⅞	21⅞	Morgan (JP) $2½	30⅞xd	+4⅞	$1.98	–	3.6
39⅝	25⅞	Morris (Philip)	39⅝xd	+1⅝	$1.72	–	2.4
42⅛	39	NYNEX $1	41⅛	.....	$4.56	–	6.2
89p	60p	♦Pac. Agricultural	64p	.....	–	–	–
20⅝	11⅞	Pall Corp. 25c	20⅛	+⅛	h44c	–	1.2
43⅞	33¼	Pennzoil 83 1/3c	41⅞xd	+⅛	$3.00	–	4.0
34⅛	24⅞	Quaker Oats $5	32⅛xd	–⅝	$1.56	–	2.7
34⅞	24⅞	Rep NY Corpn $5	34⅞xd	+⅜	$1.40	–	2.3
16⅞	12⅛	Rockwell Intl. $1	15½	.....	86c	–	3.3
21⅞	12⅞	Sears, Roebuck 75c	21⅞xd	+⅜	$2.00	–	5.3
32	25⅝	Southwestern Bell $1	30⅛xd	+⅛	$2.84	–	5.3
19⅞	14⅞	Sun Co. Inc. $1	19⅞xd	+⅜	$1.80	–	5.2
23½	18⅛	TRW Inc. 62½c	22⅛xd	–⅛	$1.80	–	4.5
26⅞	21⅛	Tenneco $5	25⅞xd	+⅛	$3.20	–	7.0
38⅞	29⅛	Texaco $6.25	38⅛xd	–⅝	$3.20	–	4.6
26⅛	17⅛	Texas Instr. $1	26⅛xd	+⅞	72c	–	1.5
67⅛	41⅞	Time Warner $1	66⅛xd	+1⅛	$1.00	–	0.8
14⅞	8⅞	TRINOVA Corp.	12⅞xd	+⅜	68c	–	3.0
19¼	14⅛	USX $1	18⅞xd	–⅛	$1.40	–	4.2
347p	250p	♦Unilab	347p	.....	–	–	–
27½	22⅞	Utd Technologies	25⅛xd	–⅛	$1.80	–	3.9
54p	42p	♦UtilTech Inc.	42p	.....	–	–	–
22½	18¼	US West‖	21¼	+⅛	$2.08	–	5.3
23⅞	16⅝	Waste Management $1	22⅝xd	+1⅛	36c	–	0.9
1682p	1053p	♦Whirlpool $1	1682p	+38	$1.10	–	3.7
19¼	13½	♦Woolworth $3½	18⅞	.....	$1.08	–	3.3

CANADIANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
10p	8½p	♦Abbot Energy Corp.	9½p	.....	–	–	–
1179p	953p	♦Amer. Barrick Res.	1105p	.....	8c	–	0.4
17½	13	Bk. Montreal ‖	17½	.....	$2.12	–	5.9
788p	536p	Bk. Nova Scot. ‖	788pxd	+2	$1.00	–	6.1
727p	639p	♦BC Gas $1	718p	.....	60c	–	4.0
20⅞	17⅛	BCE ‖	19⅝	–⅛	$2.56	–	6.2
962p	647p	♦Brascan‖	958p	+2	$1.04	–	5.3
32p	19½p	♦Breakwater Res.	29p	.....	10c	–	16.7
1590p	1180p	Can. Imp Bank‖	1583p	–7	$1.32	–	4.0
1063p	855p	Can. Pacific ‖	995p	–9	92c	–	4.5
36	30	Do. 4pc Deb £100	36	.....	Q4%	–	12.2
294p	170p	♦Central Cap 'A' ‖	292p	+6	60c	–	9.9
250p	197p	♦Cons TVX Min.	234p	.....	–	–	–

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

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LEISURE

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
415	195	Airtours 10p	410	+8	6.25	3.1	2.7	16.2
113	73	Allied Leis. 5p	109	+1	¶4.75	3.5	6.3	7.1
246	185	Anglia TV	199	.....	9.26	♦	6.2	♦
31	16	Aveneo 1p	25	.....	1.5	3.9	8.0	3.5
9	4½	BCE Hldgs 5p	5½	.....	–			–
173	123	Barr & W.A.T. 'A'	168	.....	9.75	♦	8.1	♦
675	425	Boosey & Hawkes	675xd	+32	16.4	♦	3.2	♦
381½	249	Border T.V.	381½	+1	2.1	1.1	7.3	17.2
88	45½	Brent Walker 10p	78	–1	15.0	6.9	26.3	0.6
28	17	Do 6pc Cr Cm Rd Pf £1	25	–1	6.0	–	34.8	–
55	45	Buckingham Int'l. 10p	50	.....	2.1	♦	5.6	♦
306	183	Campari Int. 20p	306	+3	11.0	2.9	4.8	8.4
207	134	Capital Radio 2½p	207	+8	5.25	2.9	3.4	13.6
509	350	Carlton Comms 5p	464	–5	14.1	2.9	4.1	11.1
81	61	Do. 6.5p Prf 5p	77	.....	6.5	–	11.3	–
253	168	Castle Comms. 5p	243	+3	8.5	1.7	4.7	16.3
568	480	Central ITV	568	+10	28.5	2.6	6.7	7.6
142	120	Chiltern Radio 10p	138	.....	4.8	2.6	4.6	10.6
89	59	Chrysalis	79	.....	‡2.0	–	3.4	–
69	39½	Cityvision 5p	51xd	.....	1.0	7.0	2.6	6.8
5	3	Classic Th'breds Ir0.20	5	.....	–			–
468	361	Compass Group 5p	455	.....	10.35	2.8	3.0	15.9
1218	908	Euro Disney Fr10	1175	–10	–			–
30	13	European Leis. Ir25p	23	–1	1.7	2.2	10.1	3.8
31	22	Ex Lands 10p	28	.....	–			–
47	21½	Expedier 20p	43	+3	20.5	–	1.6	9.6
563	405	Fairline Boats 10p	538	.....	21.0	4.1	5.0	6.5
269	188	First Leisure	269	+7	5.05	2.6	2.5	18.3
253	195	GWR Group 20p	237	+4	6.0	3.2	3.4	12.4
75	68	Grampian TVA 10p	72	.....	3.5	2.9	6.5	7.0
8	6	Greenwich Comm. 1p	7	.....	–			–
63	36	HTV Ord	52	.....	3.75	♦	9.6	♦
117	55	Hi-Tec Sports	115	.....	4.5	2.5	5.2	9.6
4½	3	Int'l Media Comms. 1p	3½	.....	–			–
49	30	Intl. Resort Hldgs	48	.....	‡a3.2	2.5	‡	3.4
70	49	Invicta Sound 10p	69	+4	1.0	4.2	1.9	21.7
50	22	Kunick 10p	44	.....	2.8	2.3	6.1	8.8
88	53	Do. 8¼pc Pf. 5p	83	+1	8.25	–	13.3	–
96	80	LWT Hldgs 5.975p Prf 5p	94	.....	†3.94	–	5.6	–
353	289	Marina Dev. 50p	344	.....	12.0	1.8	4.7	15.9
178	124	Metro Radio Grp 5p	178	+4	5.0	3.0	3.7	12.0

PROPERTY

1991 High	Low	Stock	Price	+ or –
100	78	Allied London 10p	89	–1
95	75	Do. 5¾pc Cm Rd Pf £1	91	.....
43	27	Anglo-Park Grp. 35p	33	.....
90	80	Arcadian Intl	88	+3
106	66	Asda Property 20p	104	+1
85	60	Do 5¾pc Cm Pf £1	81	.....
32	18	BDA Hldgs. 10p	27	.....
48	30	BHH Group 50p	48	+1
68	45	Baker Hrris Sndrs10p	56	+1
71	60	Barlows 10p	63	–2
433	325	Bilton (Percy)	415xd	.....
68	51	Bolton Grp. 5p	64	.....
85	48	Bourne End Prop.	58xd	.....
150	115	Bradford Prop. 5p	144	–1
88	65	Bredero Props.	73xd	–4
94	57	Britannia Grp. 5p	73xd	.....
330	255	British Land	291	.....
£113	£104	Brit Land 8¾pc Cr	£106	.....
188	151	Brixton Estate	157	.....
48	35	Burford Hldgs 1p	41½xd	.....
18	10	Cabra Ests.	14½	.....
355	290	Capital & Counties	355	.....
94	77	Do 5¾pc Prf £1	93	+1
135	110	Cap.& Reg. Prop.	130	.....
325	275	Cardiff Prop 20p	280	.....
640	475	Chesterfield	605	.....
95	70	Do. 5.25pc Cr Cm Pf £1	88	.....
59	44	Christie Grp 2p	59	+1
160	105	City Site Estates	140	.....
60	27	Clarke Nickolls	60	.....
92	47	Clayform Props 5p	78	–3
9	2½	Do. Warrants	4	–1
725	650	Compco Hldgs 20p	650	.....
35½	23	Control Secs. 10p	27½	.....
78	50	CountyGlen	63	.....
113	80	Crosby Prop. Grp	88	–1
880	720	Daejan (Hldgs)	880	+15
67	32	Danbury Grp 10p	56	–2
11½	5	Dares Estates 5p	6	–¼
18	4	de Morgan Group 5p	9xr	–1
130	82	Debenham Tewson 5p	125	+1

TRANSPORT—Contd

INVESTMENT TRUST

INVESTMENT TRUST—Contd

WATER

Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
	306	–1	L15.32	2.1	5.4	8.8
	£109	....	Q5½%	–	4.7	–
	305	.....	L15.71	2.1	5.6	9.5
	334	+1	L16.04	3.7	5.3	5.6
	298	–1	L14.85	3.1	5.4	6.8
	288	–1	L15.03	2.5	5.6	8.0
	303	–3	L17.43	2.7	6.2	6.6
	314	....	L15.11	2.0	5.2	10.8

MINES—Contd

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
4	2½	♦Croesus Mining N.L.	3	....	–	–	–
28	17	♦Delta Gold 25c	28	+1	–	–	–
38	28	♦Dominion Mining	37	.....	†Q4c	7.8	4.8
15	11	Doral Resources	14	–1	Q1c	–	3.1
4	1½	♦Dragon Mining	2	.....	–	–	–
28	20	♦Emperor Mines	23	.....	–	–	–
4	2	♦Endeavour 20c	3	.....	–	–	–
30	19½	♦GM Kalgoorlie 5c	27	+½	–	–	–
£10½	£7¾	Homestake Mining $1			Q20c	–	1.3
59	30	Inverala West	54	–1	–	–	–
46	36	Kells Mins. Ir5p	38	.....	–	–	–
25	9	Kenmare	18	–½	–	–	–
17	15	Navan Resources	15	.....	–	–	–
13	7	New Sabina Res C$1	10	....	–	–	–
99	52	Northgate Expl. C$1	73	–24			–
16	10	North West Expl	12	....	–	–	–
11	2¼	Nor-Quest Res.	9	.....	–	–	–
122	82	Oryx Gold Hldgs	88	.....	–	–	–
23	11	Ovoca Gold IR 2p	20	–1	–	–	–
44	38	Plateau Mining 20p	39	.....	–	–	–
573	404	RTZ 10p	544	–2	19.5	q2.1	4.8
10	3¼	Thorco Res. Inc.	6	....	–	–	–
10	7	Vizcaya Hldgs 5p	7	....	–	–	–
153	120	Young Group 10p	125	+2	5.2	♦	5.5

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Teas

MINES

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Eastern Rand

Far West Rand

O.F.S.

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Central African

Finance

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NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

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RTZ	48

Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd	51
Racal Elect.	18

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	48.00	48.00xd	51.33	+0.53	6.76
Gilts & Fixed Int	6	112.9	112.9xd	119.7	-0.2	9.41
High Inc Equity	6	138.3	141.0xd	150.8	+1.1	5.64
Worldwide Bond	6	206.2	206.2xd	218.5	+0.6	6.86
Capital Growth						
American Growth	6	198.6	198.6	212.4	+3.3	1.29
Asian Pacific	6	126.0	128.6	136.8	+2.3	.15
Assets & Earnings	6	178.7	182.5	194.1	+1.4	2.85
Capital Reserve Acc	0	104.1	104.1	104.1	....	7.29
Capital Reserve Inc	0	82.28	82.28xd	82.31	....	7.29
Comdty & Energy	6	77.10	77.10xd	82.45	+0.45	.91
1992 Enterprise	6	65.30	65.30	69.83	+0.26	3.11
Euro Capital Acc	6	88.86	88.86	95.03	+0.32	1.42
Euro Capital Inc	6	84.90	84.90xd	90.80	+0.31	1.43
General	6	174.7	174.7xd	186.8	+1.2	2.68
Japan	6	102.9	102.9	110.0	-1.0	-
Mastertrust	6	89.92	89.92	96.17	+0.34	2.19
UK Growth Acc	6	162.9	162.9	174.2	+0.5	2.13
UK Growth Dist	6	104.6	104.6xd	111.8	+0.2	2.15
US Emerging Cos	6	65.06	65.06	69.58	+1.52	-
Income & Growth	6	315.4	315.4	337.3	+1.6	4.15
Ethical	6	50.73	50.73	54.25	+0.18	3.00
International	6	62.04	62.93	66.94	+0.26	1.45
Dividend & Growth	6	50.51	51.72	55.02	+0.31	5.45
Global Gwth & Sec	6	51.32	51.65	54.94	+0.11	1.82
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	975.00	975.00	1034.00	+11.0	-
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	29.23	29.23xd	31.04	+0.48	2.57
Cash	-	50.64	50.64xd	50.64	+0.02	12.30
European	5¼	72.98	72.98	77.47	+0.06	0.00
European Income	5¼	75.28	75.75	79.90	+0.13	1.54
Exempt	1	759.3	759.3xd	785.0	+2.30	2.96
Exempt Income	3¼	175.3	175.3	186.1	+0.3	4.55
Exempt American	3¼	348.4	348.4xd	363.0	+6.2	1.57

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F						
5 Giltspur St, London EC1A 9DE 071-23[illegible]						
Brewin Capital	5¼	130.7	130.7	139.7	[illegible]	[illegible]
Brewin Dividend	5¼	63.34	63.34	67.63	[illegible]	[illegible]
Brewin Inc Gth Inc	5¼	160.1	160.1	171.2	[illegible]	[illegible]
Brewin UK & Gen	5¼	33.49	33.70	36.04	[illegible]	[illegible]
Britannia Life Unit Managers Ltd (12[illegible]						
190 West George St, Glasgow G2 2PA 041-[illegible]						
Balanced Growth	6	76.43	76.43xd	81.74	[illegible]	[illegible]
Do (Accum)	6	80.78	80.78	86.40	[illegible]	[illegible]
Service Cos	6	64.76	65.71	70.28	[illegible]	[illegible]
Do (Accum)	6	67.41	68.40	73.16	[illegible]	[illegible]
Income Growth	6	47.95	47.95	51.28	[illegible]	[illegible]
Do (Accum)	6	65.41	65.41	69.95	[illegible]	[illegible]
Higher Yield	6	33.23	33.23xd	35.54	[illegible]	[illegible]
Do (Accum)	6	41.64	41.64	44.53	[illegible]	[illegible]
American Gth Inc	6	31.00	31.00	33.16	[illegible]	[illegible]
Do (Accum)	6	31.59	31.59	33.79	[illegible]	[illegible]
European Growth	6	26.05	26.05	27.86	[illegible]	[illegible]
Do (Accum)	6	26.54	26.54	28.39	[illegible]	[illegible]
Global Bond Inc	6	22.55	22.55	24.12	[illegible]	[illegible]
Do (Accum)	6	25.36	25.36	27.13	[illegible]	[illegible]
Managed P'folio Inc	6	25.07	25.15	26.90	[illegible]	[illegible]
(Do Accum)	6	25.07	25.15	26.90	[illegible]	[illegible]
Brown Shipley & Co Ltd (1000)F						
9-17 Perrymount Rd Haywards Hth 0444 41226[illegible]						
Magd P'folio Inc	6	84.06	84.06	89.52	[illegible]	[illegible]
Magd P'folio Acc	6	152.8	152.8	162.7	[illegible]	[illegible]
UK General	6	119.9	119.9xd	127.7	[illegible]	[illegible]
Conv & General	6	19.23	20.08xd	21.55	[illegible]	[illegible]
European Inc	6	20.70	20.70	22.29	[illegible]	[illegible]
European Acc	6	21.16	21.16	22.78	[illegible]	[illegible]
Exempt	3	290.4	290.4	307.7	[illegible]	[illegible]
Financial	6	116.9	116.9	124.5	[illegible]	[illegible]
German	6	36.10	36.10	38.71	[illegible]	[illegible]
High Income	6	70.14	70.14xd	75.23	[illegible]	[illegible]
Income	6	101.0	103.5xd	111.5	[illegible]	[illegible]
Intl Income	6	86.94	86.94	92.17	[illegible]	[illegible]
Intl Growth ♦	6	28.37	28.37	30.21	[illegible]	[illegible]
Monthly Income	6	59.01	60.78xd	64.73	[illegible]	[illegible]
North American	6	73.52	73.52	78.93	[illegible]	[illegible]
Orient ♦	6	109.2	109.2	117.6	[illegible]	[illegible]
PEP	5	62.01	63.04	67.14	[illegible]	[illegible]
Recovery	6	34.31	35.33	38.05	[illegible]	[illegible]
Smaller Cos Acc	6	189.6	189.6	203.4	[illegible]	[illegible]
Smaller Cos Inc	6	114.2	114.2xd	122.5	[illegible]	[illegible]
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR 071-935[illegible]						

[illegible]

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mayflower Management Co Ltd (1200)F						
PO Box 249, Beckenham, Kent BR3 4WA 081-663 3111						
Income	5	349.6	349.6	371.8	+1.7	5.00
Global Inc	5	47.78	47.78	50.82	+0.23	3.14
Brit Leaders	5	287.2	287.2	305.4	+1.7	2.68
Intl Leaders	5	141.8	141.8	150.7	+0.8	1.97
Medical Investments Ltd (1100)F						
94 White Ladies Rd, Bristol BS8 1QX 0272 237593						
Health Fund	5¼	75.22	75.22	82.07	....	10.32
Mercury Fund Managers Ltd (1000)H						

[illegible]

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Martin Currie Unit Trusts Ltd (0905)H						
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924						
Far East (Pacific)(z)	5¼	100.3	100.3	106.4	+0.1	1.08
Income & Growth	5¼	63.81	63.81	67.73	+0.4	4.67
European (z)	5¼	55.16	55.16	58.55	+0.37	1.33
Nth American (z)	5¼	38.48	38.48	40.84	+0.47	1.28
Intl Growth(z)	5¼	65.43	66.70xd	70.80	+0.37	0.83
UK Growth	5¼	56.75	56.75	60.24	+0.26	1.93
Intl Income	5¼	48.15	48.69xd	51.68	+0.37	6.52
High Yield	5¼	46.30	46.44xd	49.83	+0.39	7.29
Charities	5¼	93.75	95.05	100.9	+0.5	5.56
Japan	5¼	41.92	41.92xd	44.50	-0.41	-
Matheson Unit Trust Managers Ltd (1200)H						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
UK Growth Inc	6	69.02	70.42xd	75.32	+0.83	3.28
UK High Income	6	35.50	36.00xd	38.50	+0.05	5.25

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Enquiries 0277 227300 Dealing 0277 261010						
Avon Equity	6	93.38	94.91	100.97	+0.49	3.71
NM Unit Trust Mngrs (1200)H						
The Bilton Centre, North Harbour, Portsmouth						
Enquiries: 0705 372222 Dealing: 0705 387730						
American ♥	5¼	32.48	32.48	34.64	+0.54	1.47
(Accum Units) ♥	5¼	34.76	34.76	37.07	+0.58	1.47
Australian ♥	5¼	176.30	176.30	189.10	+1.70	2.90
(Accum Units) ♥	5¼	198.50	198.50	212.90	+4.20	2.90
Conscience	5¼	52.49	53.41	57.00	+0.28	1.37
(Accum Units)	5¼	55.05	56.01	59.77	+0.29	1.37
European	5¼	142.10	143.90xd	153.40	+0.90	1.02
(Accum Units)	5¼	150.70	152.60	162.70	+1.00	1.02
Extra Income	5¼	66.56	67.36xd	71.88	+0.08	8.50
(Accum Units)	5¼	90.48	91.54	97.71	+0.11	8.50
Far East Gth Acc	5¼	114.70	116.60xd	124.40	+0.80	0.25
Gilt & F.I.	5¼	51.02	51.02	54.01	-0.09	9.28
(Accum Units)	5¼	107.40	107.40	113.60	-0.20	9.28

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NM Unit Trust Mngrs — Contd.						
Gold ♥	5¼	29.40	30.01xd	32.26	+0.30	0.00
(Accum Units) ♥	5¼	31.66	32.31	34.74	+0.33	0.00
Income	5¼	49.70	49.79	53.10	+0.36	7.35
(Accum Units)	5¼	135.60	135.60	144.60	+0.80	7.35
Intnl.	5¼	24.94	24.94	26.73	+0.05	0.41
(Accum Units)	5¼	35.31	35.31	37.88	+0.07	0.41
Jap Smaller Cos	5¼	378.50	382.70	408.30	-1.30	0.00
Sing & Malaysia	5¼	109.90	109.40	117.30	+1.30	0.00
(Accum Units)	5¼	111.70	113.80	122.00	+1.30	0.00
Smaller Co's	5¼	25.21	25.21	27.10	+0.02	1.62
(Accum Units)	5¼	28.08	28.08	30.19	+0.03	1.62

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Save & Prosper Group — Contd.						
European Gwth	5¼	122.2	123.4	131.2	+0.4	[illegible]
Euro Inc & Gwth	5¼	53.03	55.52	59.06	[illegible]	[illegible]
Euro Smllr Co's	5¼	39.97	40.90	42.46	[illegible]	[illegible]
Exempt Income	0	118.8	118.8	122.3	[illegible]	[illegible]
Financial Secs	5¼	123.9	123.9	131.8	[illegible]	[illegible]
Gilt & Fxd Int Inc	5¼	46.10	46.10xd	48.71	[illegible]	[illegible]
Gold & Exploration	5¼	37.01	37.01	39.37	[illegible]	[illegible]
High Return	5¼	242.5	247.3	263.0	[illegible]	[illegible]
High Yield	5¼	215.6	215.6xd	229.3	[illegible]	[illegible]
Income	5¼	109.4	109.4	116.3	[illegible]	[illegible]
Intl Bond	5¼	125.0	128.0xd	137.0	[illegible]	[illegible]
ITU	5¼	135.1	136.1xd	144.1	+0.3	[illegible]

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Swiss Life Unit Tst Man Co Ltd (1200)F

Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity Dist	5½	429.5	437.2	462.6	+3.78	3.41
Equity Acc	5½	597.7	608.4	643.8	+5.10	3.41
Fixed Int Dist	5½	113.7	115.8	120.0	-0.20	8.45
Fixed Int Acc	5½	241.8	246.4	255.3	-0.40	8.45
UK Index Track Dist	5	99.71	100.6	106.5	+0.50	4.04
UK Index Track Acc	5	104.3	105.3	111.4	+0.60	4.04

TSB Unit Trusts (1200)H

Charlton Pl, Andover, Hants. SP10 1RE 0264 346794

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	138.36	138.36	147.19	+1.91	0.25
Do Accum	6	151.24	151.24	160.89	+2.08	0.25
TSB Brit Growth	6	74.24	75.42xd	80.23	+0.34	3.06
Do Accum	6	83.15	84.47xd	89.86	+0.37	3.06
TSB European	6	74.21	74.21	78.94	+0.12	0.9
Do Accum	6	76.9	76.9	81.8	+0.11	0.9
TSB Extra Income	6	165.91	169.52	180.33	+2.73	5.06
Do Accum	6	239.28	244.48	260.08	+3.93	5.06
TSB Smaller Cos	6	45.19	46.92xd	49.91	+1	2.27
Do Accum	6	47.82	49.66xd	52.82	+1.06	2.27
TSB General	6	230.88	230.88	245.61	+1.29	3.38
Do Accum	6	430.8	430.8	458.29	+2.4	3.38
TSB Premier Income	5	44.7	45.3	47.18	+0.7	8.22
Do Accum	5	79.99	81.07	84.44	+1.26	8.22
TSB Income	6	309.37	315.04	335.14	+0.88	4.87
Do Accum	6	575.11	585.65	623.03	+1.56	4.87
TSB Pacific	6	234.89	234.89	249.88	+0.54	0.38
Do Accum	6	244.4	244.4	260.0	+0.58	0.38
TSB International	6	398.67	398.67xd	424.11	+1.93	0.8
Do Accum	6	514.12	514.12xd	546.93	+2.49	0.8
TSB Nat Resources	6	63.79	65.07xd	69.22	+0.8	0.58
Do Accum	6	69.5	70.9xd	75.42	+0.9	0.58
TSB Sltd Opps	6	79.68	81.37xd	86.56	+0.27	2.98
Do Accum	6	95.99	98.04xd	104.29	+0.27	2.98
Environmental Inv	6	47.69	48.13	51.2	+0.76	1.82
Do Accum	6	49.21	49.67	52.83	+0.78	1.82

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond	101.82	101.82	-0.1	10.59
(Accum Units)	554.51	554.51	-0.4	10.59
NAACIF Apr 16	—	43.67	—	9.36

Morgan Grenfell Unit Trust Managers Ltd

Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity † Apr 16	190.5	139.7	.....	2.80
UK Small Co † Apr 16	518.5	558.2	.....	1.92
Fixed Interest † Apr 16	108.7	114.5	.....	7.78
US Small Co Apr 16	148.3	158.6	.....	0.00
Managed Apr 16	108.4	115.3	.....	1.25
Intl Bond Apr 16	112.8	119.0	.....	7.68
Japan Apr 16	77.00	82.36	.....	0.82
European Apr 16	85.45	91.67	.....	1.61
Nth American Apr 16	103.7	111.4	.....	1.26

Murray Johnstone UT Mngmt

Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Apr 17	49.48	51.46	.....	2.36
Euro Expt Apr 17	50.63	53.17	.....	2.15
Fixed Int Ex Apr 17	46.73	47.89	.....	10.26
Japan Expt Apr 17	47.76	49.67	.....	0.58
Managed Ex Apr 18	45.29	47.11xd	+0.60	4.33
SE Asia Expt Apr 17	68.93	72.37xd	.....	3.75
Sm Cos Expt Apr 17	33.71	35.39	.....	4.95
UK Eqty Ex Apr 17	42.82	44.96	.....	3.87

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Apr 2	707.1	752.0xd	.....	4.5
Do Accum	798.8	849.4	.....	4.5
Intl Expt Apr 17	173.9	177.3xd	+2.0	2.55
UK Index Apr 2	1160.0	1183.0xd	.....	4.9
Do Accum	1249.0	1273.0	.....	4.9
Convertible Apr 12	94.23	97.17xd	.....	7.95
World ex UK Index Apr 15	799.0	808.8	.....	1.86
Do Accum	799.0	809.1	.....	1.86

INSURANCES

OTHER UK UNIT TRUSTS

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N & P Life Assurance Ltd
6–7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or –	Yield Gross
Life Managed Fd	106 1	111 7	+0.5	–
Pension Managed Fd	109.3	109 0	+0 6	–
Life Deposit Fd	106 0	111.6		–
Pension Deposit Fd	110.7	116.5	.....	–

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Managed Cautionary	112.3	123.5	+0.5	–
Managed Growth	139.3	153.3	+1.7	–
Managed Opportunity	137.9	152.0	+1.0	–
NFMC Target Financial	103.1	116 9	+0.7	–
Pension Funds				
Managed Cautionary	120 7	132.3	+1 1	–
Managed Growth	145 8	160.5	+1 7	–
Managed Opportunity	138.6	152.7	+1.4	–
NFMC Target Mngd Pens	1514.3	1646 0	+4 8	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or –	Yield Gross
Harvester Pension Funds				
Managed	162 1	170.7	...	–
UK Equity	171.8	180 9	...	–
Overseas Equity	135 1	142.3	...	–
Fixed Interest	143 4	151.0	...	–
Property	130 8	137.7	...	–
Index Linked	147.5	155.3	...	–
Deposit	154.0	162.2	...	–
With Profits (B)	127 1	133.8	...	–

National Provident Institution
48 Gracechurch St, London EC3P 3HR 071-623 4200

	Bid Price	Offer Price	+ or –	Yield Gross
Managed	354 2	372 9	+1.5	–
UK Equity	451 9	475.7	+2.6	–
Overseas Eq	346.1	364.4	+1.1	–
Americas	281 6	296.5	+3.1	–
Far East	376 7	396 6	-0.3	–
[illegible]				

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or –	Yield Gross
Initial Equity	156.0	165.0	+1.0	–
Accum Equity	222 0	234 0	+1.0	–
Accum Managed	228.5	241.0	+0.5	–
Accum Five Star	170.5	180 0	+0 5	–
Accum World	123.5	130.5	+0.5	–
Accum Lifetime	113 4	113 4	+0.2	–
Pens Acc Equity	242.5	255.5	+1.5	–
Pens Acc Managed	287 0	302.5	+1.0	–
Pens Acc Intl	212.0	224.0	+1.0	–
Pens Acc Deposit	195 5	206.5	....	–
Pens Acc Five Star	188 0	198.5	+1.0	–

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or –	Yield Gross
UK Equity Acc	231.0	243.7	+1.2	–
UK Fixed Int Acc	170.1	179.5		–
Intl Equities Acc	179.7	189 6	+1.6	–
UK Managed Acc	175.7	185 3	+1.0	–
Property Acc	226.9	239.4	.....	–
Money Acc	127.6	134.7		–
Special Market Acc	135.9	143.4	+1.4	–
Japan Equity Acc	109 1	115.1	-0 8	–
North American Acc	105 8	111.7	+1.2	–
Pacific Acc	95.0	100.3	+0.9	–
Technology Acc	124.7	131.6	+1.4	–
Nat Resources Acc	54.6	57.6	+1.0	–
European Acc	101.3	106.9	+0.4	–
Residential Prop Acc	96.3	101.6	.....	–
Swiss Equities Acc	35.6	37.6	+0.3	–
Hong Kong Acc	61.7	65.1	+0.5	–
UK High Inc Eq Acc	76 8	81.1	+0.4	–
Int Fixed Interest Acc	55 6	58.7		–
Int Managed Acc	57.1	60.2	+0.3	–
HIP Managed Acc	112.8	118 9	+0.5	–
HIP Managed II Acc	100.1	105 5	+0 6	–
HIP Managed III Acc	105 9	111.7	+0 7	–
Total Investment Bond				
UK Equity Initial		157.6	+0.9	–
UK Fixed Int Initial		116.3		–
Intl Equities Initial		121 9	+1.1	–
[illegible]				

Royal Heritage Life Assurance Ltd – Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Pension Unit Trust Funds				
Gartmore Global Ser B	166.2	175.0	+1.7	–
Gartmore NA Ser B	101 2	106.6	+1.7	–
Gartmore Pacific Ser B	249 7	262.9	+1.1	–
Henderson Acc Ser B	188.2	198 2	+1.3	–
Perpetual Mng Ser B	197 0	207 4	+1.9	–
Framlington Mn Ser B	179.3	188.8	+1.1	–
Gartmore Mngd Ser B	203.9	214.7	-0.2	–
Gartmore Euro Ser B	141 9	149 4	+0.5	–
Gartmore Global Ser D	105.7	105.7	+1.1	–
Gartmore NA Ser D	116.0	116.0	+1.9	–
Gartmore Pacific Ser D	132.6	132.6	+0.6	–
Henderson Acc Ser D	140.8	140.8	+1.0	–
Perpetual Mng Ser D	145.6	145.6	+1 4	–
Framlington Mn Ser D	144.9	144 9	+0.9	–
Gartmore Mngd Ser D	169.5	169.5	-0.2	–
Gartmore Euro Ser D	109 8	109.8	+0 4	–
Baring Funds				
Australia	70.1	73 8	+1.1	–
Eastern	230 1	242.2	+2.1	–
European Smllr Cos	143.3	150.8	+0.1	–
Japan Smaller	139 8	147.2	-0 2	–
Managed	148.4	156.2	+1 1	–
M&M Britannia				
European Smaller	126.0	132 6	+0.7	–
US Smlr Co's	116.2	122.3	+1 8	–
Extra Inc	148.1	155.9	+4.3	–
Sth & East Asia Gwth	180.0	189.5	+1 8	–
Gold	31.0	32.6	+0 4	–
Inc Growth	271.9	286.2	+1.3	–
Japan Perf	249.9	263.1	-2.8	–
Japan Smlr Cos	216.1	227 5	-2.1	–
Nat High	237.1	249 6	+1.0	–
Prop Shares	141.1	148.5	+1.0	–
Smaller Cos	189.8	199.8		–
Man Growth	197.7	208.1	+0 7	–
Gilt	70.7	74 4	...	–
Gartmore Funds				
American	165.8	174.5	+2.1	–
British	264.5	278.4	+1.9	–
European	176.6	185.9		–
Extra Inc	200.2	210.7	+0.5	–
Frontier Markets	123.6	130.1	+1.4	–
Intl Fixed Interest	88.1	92.7	+0 4	–
[illegible]				

Shield Assurance Ltd
40 Uxbridge Rd, W5 2BS. 081-567 0700

	Bid Price	Offer Price	+ or –	Yield Gross
Shield Life Mngd	122 8	129.2	(z)	–
Shield Pensions Mngd	128.1	134.8	(z)	–
Shield Secure	113.2	119.1	(z)	–
Shield Secure Pens	124.6	131.2	(z)	–
Shield Brunel	130 0	136.8	(z)	–
Shield Brunel Pens	136.7	143.8	(z)	–

Skandia Life Assurance Co Ltd (z)
Skandia Hse, Portland Terr, Southampton 0703 334411
Skandia Price Line 0800 181396

	Bid Price	Offer Price	+ or –	Yield Gross
Skandia Life Managed Funds				
Balanced Managed	281.3	296.1	+0.4	–
Cautious Managed	105 4	110.9	.....	–
Deposit	221.3	232.9	.....	–
Equity	334.8	352.4	+0.1	–
International	253.5	266.8	+1.0	–
Intl Recovery	189.6	199.5	+1.6	–
Index Linked Gilt	103.0	108.4	-0.1	–
Gilt Plus	236.3	248.7	.....	–
North American	148.5	156.3	+2.3	–
North European	241.0	253.6	+0 8	–
Pacific	187.4	197.2	-0.7	–
Property	213.6	224 8	.....	–
Amer Index Monitor	120.9	127.2	+1.9	–
Euro Index Monitor	108.0	113.6	+0 6	–
Intl Index Monitor	94 0	98 9	+1.0	–
Japan Index Monitor	70.9	74.6	-0.2	–
Tiger Index Monitor	92.5	97.3	.....	–
UK Index Monitor	117.6	123.7	+0.1	–
Unit Trust Life Managed Funds				
Abtrust Managed	92.5	97.3	+0.4	–
Barley Managed	102.6	107.9	+0.4	–
CU Managed	178.6	187.9	+1.3	–
Fidelity Managed	138.2	145.4	+0.5	–
Framlington Managed	172.3	181.3	+1.0	–
Gartmore Managed	184.5	194.2	+0.7	–
Henderson Managed	187.1	196.9	+1.3	–
James Capel Mngd	108.8	114.5	+0.4	–
Kleinwort Benson Mngd	117.5	123.6	+0 6	–
[illegible]				

Swiss Life (UK) PLC
101 London Rd, Sevenoaks [illegible]

Swiss Pioneer Life Plc

TSB Life Ltd

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

[illegible]

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	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$757.73		.....	-
Fixed Income Shares	$981.48		.....	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Meta Growth	$11.26		-0.21	-
Yamaichi 155 Fund	$8.51		-0.16	-
Yamaichi CB Pfm Fund	$8.75		-0.12	-
Thai New Fund	$11.77		+0.10	-

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (u)						
29 Kildare Street, Dublin 010 353 1760 690						
GAM Universal US $ Acc		$-	112.79		.....	-
GAM Universal US $ Inc		$-	112.79		.....	-
GAM Universal DM Acc		DM-	118.55		.....	-
GAM Universal DM Inc		DM-	118.55		.....	-
MI Global Asset Mangmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	1.00	1.07	.....	-

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scap	$10.28	10.59	.....	-
European Bond	[illegible]	[illegible]	.....	-
Investor Portfolio				
Equity America	$11.60	12.20	.....	-
Equity Europe	$9.76	10.36	.....	-
Bond America	$10.42	11.06	.....	-
Bond Europe	$9.64	10.23	.....	-
Bond Japan	$10.03	10.64	.....	-
World Inv Trust	$10.88	11.54	.....	-
Opportunity Europe	$11.47	12.17	.....	-
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$15.54	16.52	+0.30	1.05
Japan Tech	$67.69	71.18	-0.82	-
Japan Fund	$28.71	30.15	-0.28	0.17
Japan New Gen Fd	$21.14	22.20	-0.29	-

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt (z)	5¼	[illegible]	0.1717	0.1809	[illegible]	9.12
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 27561						
Lloyds Tst. Gilt	2½	[illegible]	9.348	9.592	[illegible]	11.47
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
Intl Currcl. Portfolio	6	103.10	103.10	109.33	+0.32	1.60
Gilt	3	91.95	91.95	94.40	-0.21	10.59
For MIM see INVESCO MIM						
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	55.76	55.76	58.25	-0.11	9.61
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	101.82	101.82	104.88	+0.04	11.75
Gilt & Fixed Interest	5	102.14	102.14	105.19	+0.16	11.63
Blue Chip & Gilt Edged	5	49.82	49.82	53.16	+0.19	5.46
International Bond	5	107.77	107.77	113.19	+1.16	7.52
UK Equity	5	109.98	109.98	119.16	+1.28	1.62
International Equity	5	111.03	111.03	118.66	+0.29	0.43
Far Eastern	5	96.36	96.36	103.10	-0.21	0.00
European	5	86.74	86.74	91.75	+0.22	0.42
Pan American	5	105.96	110.90	117.86	+1.51	0.79
TSB Gilt Fund Ltd						
Quarterly Share	3	96.26	96.26	99.30	-0.04	10.78
Monthly Share	3	96.00	96.00	99.01	[illegible]	10.82

JERSEY (REGULATED)(**)

Barclays Intl Funds

Currency Funds

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar rises against D-Mark

A sharp fall in the February US trade deficit led to modest selling of the dollar, but the currency finished higher on the day after the German Bundesbank failed to raise official interest rates at yesterday's council meeting.

Fading expectations of an early easing of the US Federal Reserve's monetary stance also helped push the dollar higher. This followed denials by officials in Washington that Mr Alan Greenspan, chairman of the Federal Reserve Board, is struggling to maintain his authority over monetary policy. It had been suggested that Mr Greenspan was forced to delay a cut in interest rates because of resistance by members of the Federal Open Market Committee who are still worried about inflation.

February's trade figures were the best for over seven years. The deficit fell to $5.33bn from a revised $7.16bn in January, but they pointed towards a weak economy and did not help the dollar. US exports fell 2.4 per cent in February and it was only because imports fell by 6.4 per cent that the trade figures were so good. The volume of oil imports declined by 14.9 per cent reflecting, a run down in US industrial activity.

At the London close the dollar had climbed to DM1.6880 from DM1.6725; to Y136.70 from Y136.35; to SFr1.4415 from SFr1.4270; and to FFr5.7000 from FFr5.6550. Its index rose to 65.1 from 64.6.

Speculation about a rise in German interest rates was mainly confined to overseas markets. This accounted for the calm reception in Frankfurt to the Bundesbank's decision to leave rates unchanged and also for the selling of the D-Mark following the news.

Lack of change in German rates turned attention back towards the gloomy economic prospects for the country as a result of unification and to concern about a possible power struggle in the Soviet Union.

The D-Mark lost ground in the European exchange rate mechanism and also weakened against the Japanese yen. It fell to Y81.00 from 81.50 in London, after failing to break through resistance at Y82.00 earlier in Tokyo.

Sterling fell against the dollar, but was firm in the ERM. There was no obvious reaction to a larger than expected rise in March UK unemployment or to a surprising drop in manufacturing output. The monthly rise in unemployment was the biggest for 20 years, and although total industrial production rose 1.6 per cent in February, manufacturing output fell 1.6 per cent. This encouraged speculation about a further easing of UK monetary policy, but was not reflected in the pound's performance.

Sterling fell 1 cent to $1.7720. It also declined to Y242.25 from Y243.00, but rose to DM2.9900 from DM2.9800; to FFr10.1000 from FFr10.0775; and to SFr2.5550 from SFr2.5425. The pound's index gained 0.1 to 93.0.

£ IN NEW YORK

Apr.18	Latest	Previous Close
£ Spot	1.6905-1.6915	1.7855-1.7865
1 month	0.82-0.81pm	0.85-0.84pm
3 months	2.39-2.37pm	2.47-2.44pm
12 months	7.23-7.13pm	7.53-7.43pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.18	Previous
8.30 am	92.8	92.9
9.00 am	92.8	92.9
10.00 am	92.8	92.9
11.00 am	92.9	92.9
Noon	92.8	92.9
1.00 pm	92.9	92.9
2.00 pm	93.0	92.9
3.00 pm	93.0	92.9
4.00 pm	93.0	92.9

CURRENCY MOVEMENTS

Apr 18	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.0	-18.5
U.S Dollar	65.1	-14.0
Canadian Dollar	104.5	+2.0
Austrian Schilling	108.6	+11.1
Belgian Franc	110.4	-2.8
Danish Krone	108.7	+3.4
D-Mark	116.7	+23.4
Swiss Franc	111.6	+20.6
Dutch Guilder	113.0	+15.2
French Franc	102.5	-13.3
Lira	99.2	-19.5
Yen	135.3	+67.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.17

CURRENCY RATES

Apr 18	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.764538	0.690639
U.S Dollar	6.00	1.36470	1.22381
Canadian $	9.81	1.57077	1.40959
Austrian Sch	7	16.0325	14.5181
Belgian Franc	10.50	46.8297	42.4234
Danish Krone	9½	8.72384	7.89420
D-Mark	6.50	2.27809	2.06274
Dutch Guilder	7.75	2.56263	2.32402
French Franc	10¼	7.69564	6.97083
Italian Lira	12½	1688.15	1527.32
Japanese Yen	6	183.825	167.417
Norway Krone	8	8.84735	8.02025
Spanish Peseta	-	140.436	127.624
Swedish Krona	10.00	8.20526	7.42120
Swiss Franc	6.00	1.94197	1.75801
Greek Drach	19	N/A	223.725
Irish Punt	-	N/A	0.771440

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Apr.17

OTHER CURRENCIES

Apr 18	£	$
Argentina	17361.0 - 17389.0	9770.00 - 9800.00
Australia	2.2885 - 2.2905	1.2855 - 1.2865
Brazil	450.650 - 451.450	253.600 - 253.900
Finland	7.0115 - 7.0245	3.9420 - 3.9450
Greece	319.70 - 326.10	179.95 - 185.35
Hong Kong	13.8530 - 13.8665	7.7880 - 7.7900
Iran	120.70	67.00
Korea(Sth)	1284.65 - 1305.40	722.20 - 728.00
Kuwait	N/A	N/A
Luxembourg	61.15 - 61.25	34.50 - 34.60
Malaysia	4.8595 - 4.8680	2.7335 - 2.7355
Mexico	5318.50 - 5339.50	2993.00 - 3003.00
N.Zealand	3.0060 - 3.0110	1.6910 - 1.6940
Saudi Ar	6.6580 - 6.7125	3.7490 - 3.7510
Singapore	3.1250 - 3.1320	1.7560 - 1.7580
S.Af (Cm)	4.8385 - 4.8500	2.7280 - 2.7295
S.Af (Fn)	5.8055 - 5.9025	3.2680 - 3.3225
Taiwan	48.40 - 48.50	27.25 - 27.30
U.A.E.	6.5205 - 6.5735	3.6720 - 3.6740

* Selling rate

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7700 - 1.7840	1.7715 - 1.7725	0.82-0.80cpm	5.49	2.40-2.37pm	5.38
Ireland†	1.5845 - 1.5995	1.5855 - 1.5865	0.48-0.43cpm	3.44	1.43-1.33pm	3.48
Canada	1.1495 - 1.1530	1.1520 - 1.1530	0.33-0.36cdis	-3.59	0.96-1.01dis	-3.42
Netherlands	1.8820 - 1.9015	1.8995 - 1.9005	0.45-0.48cdis	-2.94	1.41-1.46dis	-3.02
Belgium	34.35 - 34.70	34.50 - 34.60	7.50-9.00cdis	-2.87	24.00-27.50dis	-2.98
Denmark	6.3960 - 6.4530	6.4450 - 6.4500	1.90-2.20oredis	-3.82	5.65-6.2bdis	-3.69
Germany	1.6700 - 1.6895	1.6875 - 1.6885	0.39-0.41pfdis	-2.84	1.23-1.26dis	-2.95
Portugal	145.70 - 146.35	146.25 - 146.35	58-68cdis	-5.17	215-240dis	-6.22
Spain	103.10 - 104.30	104.20 - 104.30	61-66cdis	-7.31	167-177dis	-6.60
Italy	1238.50 - 1249.75	1249.25 - 1249.75	5.60-6.10liredis	-5.62	16.70-17.70dis	-5.51
Norway	6.4975 - 6.5625	6.5450 - 6.5500	2.10-2.45oredis	-4.17	6.55-7.05dis	-4.15
France	5.6480 - 5.7060	5.6975 - 5.7025	1.44-1.49cdis	-3.08	4.30-4.40dis	-3.05
Sweden	6.0250 - 6.0760	6.0600 - 6.0650	2.93-3.18oredis	-6.05	9.20-9.45dis	-6.15
Japan	136.10 - 137.05	136.65 - 136.75	0.22-0.24ydis	-2.02	0.59-0.53dis	-1.64
Austria	11.7610 - 11.8650	11.8600 - 11.8650	2.60-3.00grodis	-2.83	8.20-9.40dis	-2.97
Switzerland	1.4250 - 1.4430	1.4410 - 1.4420	0.26-0.29cdis	-2.29	0.77-0.81dis	-2.19
Ecu	1.2220 - 1.2340	1.2220 - 1.2230	0.34-0.31cpm	3.19	1.02-0.97pm	3.26

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7700 - 1.7840	1.7715 - 1.7725	0.82-0.80cpm	5.49	2.40-2.37pm	5.38
Canada	2.0405 - 2.0485	2.0420 - 2.0430	0.37-0.28cpm	1.91	1.09-0.96pm	2.01
Netherlands	3.3555 - 3.3730	3.3625 - 3.3725	⅞-⅝cpm	2.67	2⅛-1⅞pm	2.38
Belgium	61.15 - 61.60	61.15 - 61.25	17-12cpm	2.84	39-34pm	2.39
Denmark	11.3915 - 11.4535	11.4200 - 11.4300	1⅞-1½orepm	1.77	5⅛-4½pm	1.71
Ireland	1.1115 - 1.1195	1.1175 - 1.1185	0.20-0.15ppm	1.88	0.50-0.40pm	1.61
Germany	2.9775 - 2.9940	2.9875 - 2.9925	¾-⅝pfpm	2.76	1⅞-1¾pm	2.42
Portugal	258.05 - 260.20	259.20 - 260.20	23-2cpm	0.58	1-57dis	-0.45
Spain	183.40 - 185.00	184.40 - 184.70	24-29cdis	-1.72	69-79dis	-1.60
Italy	2205.15 - 2219.55	2213.50 - 2214.50	1lirepm-par	0.27	1pm-par	0.09
Norway	11.5815 - 11.6505	11.5975 - 11.6075	1⅝-1⅛orepm	1.42	3⅞-3⅛pm	1.23
France	10.0655 - 10.1135	10.0950 - 10.1050	2½-2cpm	2.67	6⅛-5⅞pm	2.38
Sweden	10.7345 - 10.7820	10.7375 - 10.7475	¼-½oredis	-0.42	1⅝-2¼dis	-0.70
Japan	241.75 - 243.10	241.75 - 242.75	¾-⅝ypm	3.41	2¼-2⅛pm	3.61
Austria	20.95 - 21.07	21.04 - 21.07	5½-4¼gropm	2.74	13⅞-11⅝pm	2.43
Switzerland	2.5440 - 2.5600	2.5500 - 2.5600	¾-⅝cpm	3.23	2⅛-2cpm	3.23
Ecu	1.4430 - 1.4500	1.4485 - 1.4495	0.31-0.26cpm	2.36	0.85-0.78pm	2.25

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.37-4.32cpm . 12 Month 7.33-7.23pm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 18	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.624	-4.50	5.86	78
Sterling	0.696904	0.690639	-0.90	2.02	16
Italian Lira	1538.24	1527.32	-0.71	1.82	42
Belgian Franc	42.4032	42.4234	0.05	1.05	4
Dutch Guilder	2.31643	2.32402	0.33	0.77	-9
D-Mark	2.05586	2.06274	0.33	0.76	-12
Irish Punt	0.767417	0.771440	0.52	0.57	-17
Danish Krone	7.84195	7.89420	0.67	0.43	-24
French Franc	6.89509	6.97083	1.10	0.00	-53

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Apr 18	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11⅞ - 11⅝	11⅞ - 11⅝	11⅞ - 11¾	11⅞ - 11¾	11⅞ - 11⅝	11⅝ - 11⅜
US Dollar	6⅛ - 6	6⅛ - 6	6⅛ - 6	6¼ - 6⅛	6⅜ - 6¼	6⅝ - 6½
Can. Dollar	9½ - 9¼	9½ - 9¼	9½ - 9¼	9⅜ - 9¼	9¼ - 9⅛	9⅛ - 9
Dutch Guilder	9 - 8½	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 9	9¼ - 9⅛	9⅜ - 9¼
Swiss Franc	8⅛ - 7⅞	8¼ - 8	8⅜ - 8¼	8⅜ - 8¼	8¼ - 8⅛	7⅞ - 7¾
D-Mark	8¾ - 8⅝	8⅞ - 8¾	9 - 8⅞	9⅛ - 9	9⅜ - 9¼	9⅜ - 9¼
French Franc	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9⅝ - 9½
Italian Lira	13 - 11	12¼ - 11¼	11⅞ - 11⅜	11¾ - 11¼	11⅞ - 11⅜	11⅞ - 11⅝
Belgian Franc	8⅞ - 8⅝	8⅞ - 8⅝	9 - 8⅞	9 - 8⅞	9⅛ - 9	9⅛ - 9
Yen	8⅛ - 8	8⅛ - 8	8⅛ - 8	8 - 7⅞	7⅞ - 7¾	7⅝ - 7½
Danish Krone	10⅛ - 9⅞	10 - 9⅞	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝
Asian $Sing.	6 - 5⅞	6 - 5⅞	6 - 5⅞	6⅛ - 6	6⅛ - 6	6⅛ - 6

Long term Eurodollars: two years 7½-7⅜ per cent; three years 7⅞-7¾ per cent; four years 8⅛-8 per cent; five years 8¼-8⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.18	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.772	2.990	242.3	10.10	2.555	3.368	2214	2.043	61.20	1.449
$	0.564	1	1.687	136.7	5.700	1.442	1.901	1249	1.153	34.54	0.818
DM	0.334	0.593	1	81.04	3.378	0.855	1.126	740.5	0.683	20.47	0.485
YEN	4.127	7.313	12.34	1000.	41.68	10.54	13.90	9137	8.432	252.6	5.980
F Fr.	0.990	1.754	2.960	239.9	10.	2.530	3.335	2192	2.023	60.59	1.435
S Fr.	0.391	0.694	1.170	94.83	3.953	1	1.318	866.5	0.800	23.95	0.567
H Fl.	0.297	0.526	0.888	71.94	2.999	0.759	1	657.4	0.607	18.17	0.430
Lira	0.452	0.800	1.350	109.4	4.562	1.154	1.521	1000.	0.923	27.64	0.654
C$	0.489	0.867	1.464	118.6	4.944	1.251	1.649	1084	1	29.96	0.709
B Fr.	1.634	2.895	4.886	395.9	16.50	4.175	5.503	3618	3.338	100.	2.368
ECU	0.690	1.223	2.063	167.2	6.970	1.763	2.324	1528	1.410	42.24	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS [illegible]

LIFFE BUND FUTURES OPTIONS [illegible]

LIFFE EUROMARK OPTIONS [illegible]

LIFFE EURODOLLAR OPTIONS [illegible]

LIFFE SHORT STERLING OPTIONS [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT [illegible]

US TREASURY BONDS 8% [illegible]

6% NOTIONAL GERMAN GOVT. BOND [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND [illegible]

9% NOTIONAL ECU BOND [illegible]

THREE MONTH STERLING [illegible]

THREE MONTH EURODOLLAR [illegible]

THREE MONTH EUROMARK [illegible]

THREE MONTH ECU [illegible]

FT-SE 100 INDEX [illegible]

	Latest	High	Low	Prev.
Jun				2580.0
Sep				2620.5
Dec				2665.0

EURO SWISS FRANC [illegible]

FT FOREIGN EXCHANGE RATES

Spot 1.7720

IMM-STERLING

	Latest	High	Low	Prev.
Jun	1.7600	1.7640	1.7520	1.7712
Sep	1.7390	1.7430	1.7330	1.7496
Dec	-	-	1.7200	1.7326

CHICAGO

U.S. TREASURY BONDS (CBT) 8% [illegible]

U.S. TREASURY BILLS (IMM) [illegible]

SWISS FRANC (IMM) [illegible]

JAPANESE YEN (IMM) [illegible]

DEUTSCHE MARK (IMM) [illegible]

THREE-MONTH EURODOLLAR (IMM) [illegible]

STANDARD & POORS 500 INDEX [illegible]

PHILADELPHIA SE £/$ OPTIONS [illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) [illegible]

CAC-40 FUTURES (MATIF) Stock Index [illegible]

ECU BOND (MATIF) [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
105	2.00	2.46	-	0.21	0.73	-
106	1.24	-	-	0.45	1.08	-
107	0.65	1.33	-	0.89	1.52	-
108	0.32	0.94	1.35	1.51	-	-
109	0.15	0.61	-	-	-	-
Open Int.	114,726	34,678	1,201	125,565	33,653	1,601

Estimated volume 32,944 Total Open Interest 311,424

BASE LENDING RATES

	%		%		%
ABN Bank	12	Comm.Bk.of London Plc	12	McDonnell Douglas Bnk.	12
Adam & Company	12	Co-operative Bank	12	Midland Bank	12
Allied Trust Bank	12	Coutts & Co	12	Mount Banking	12
AIB Bank	12	Cyprus Popular Bk	12	Nat Bk. of Kuwait	13½
● Henry Ansbacher	12	Dunbar Bank PLC	12	NatWestminster	12
B & C Merchant Bank	12	Duncan Lawrie	12	Northern Bank Ltd	12
Bank of Baroda	12	Equatorial Bank plc	12½	Nykredit Mortgage Bank	12½
Banco Bilbao Vizcaya	12	Exeter Bank Limited	12½	Provincial Bank PLC	14
Bank Credit & Comm	12	Financial & Gen. Bank	12	Roxburghe Bank Ltd.	13½
Bank of Cyprus	12	First National Bank Plc.	15	Royal Bk of Scotland	12
Bank of Ireland	12	● Robert Fleming & Co.	12	● Smith & Williamson Secs.	12
Bank of India	12	Robert Fraser & Ptnrs.	12½	Standard Chartered	12
Bank of Scotland	12	Girobank	12	TSB	12
Banque Belge Ltd	12	● Guinness Mahon	12	Unibank plc	12
Barclays Bank	12	● Hambros Bank	12	● United Bk of Kuwait	12
Benchmark Bank	12	Hampshire Trust Plc	13½	United Mizrahi Bank	12½
Brit Bk of Mid East	12	Heritable & Gen Inv Bnk.	12	Unity Trust Bank Plc	12
● Brown Shipley	12	● Hill Samuel	12	Western Trust	12
CL Bank Nederland	12½	C. Hoare & Co.	12	Westpac Bank Corp.	12
● Charterhouse Bank	12	Hongkong & Shanghai	12	Whiteaway Laidlaw	12
Citibank NA	12	● Leopold Joseph & Sons	12	Yorkshire Bank	12
City Merchants Bank	12	Lloyds Bank	12		
Clydesdale Bank	12	Meghraj Bank Ltd	12		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

No German move

THE GERMAN Bundesbank left credit policies unchanged at yesterday's council meeting. Speculation that the central bank might increase rates followed last week's rise in the Bundesbank's fixed rate at a tender for securities repurchase agreements, but talk about higher rates was mainly confined to the foreign exchanges and overseas markets.

There was no further tightening at this week's tender and traders on the Frankfurt money market were always sceptical that the council meeting would agree to increase either the discount or Lombard rates.

UK clearing bank base lending rate 12 per cent from April 12, 1991

Frankfurt call money was steady at 8.80 per cent yesterday in quiet trading. Credit conditions were comfortable, but tax payments are tending to drain liquidity at present.

In London short-term interest rates maintained a downward course, but the longer end of the market was slightly firmer. Three-month sterling interbank eased to 11$\frac{11}{16}$-11$\frac{11}{16}$ from 11¾-11¾ per cent, while 12-month money rose to 11$\frac{7}{16}$-11$\frac{5}{16}$ from 11⅜-11¼ per cent.

Short-sterling futures traded in a narrow range on Liffe. June delivery opened firmer at 88.69 and touched a peak of 88.72, before closing at 88.68 compared with 88.67 previously.

Day-to-day credit remained in reasonably comfortable supply on the London cash market. The Bank of England initially forecast a shortage of £350m, but revised this to £300m at noon and then back to £350m in the afternoon. Help of £288m was provided.

The authorities did not operate in the market until after lunch, when £288m bills were bought outright, by way of £24m bank bills in band 1 at 11⅞ per cent and £264m bank bills in band 2 at 11$\frac{13}{16}$ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £495m, with a rise in the note circulation absorbing £60m. These outweighed exchequer transactions adding £200m to liquidity and bank balances above target of £5m.

In Amsterdam the Dutch Central Bank left its money market rate for special advances at 8.70 per cent when offering seven-day liquidity to the banking system.

A tender for the funds will be held today to offset Fl 4.2bn draining from the market as an earlier facility expires.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.18) 3 months US dollars		6 months US Dollars	
bid 6$\frac{3}{16}$	offer 6$\frac{5}{16}$	bid 6$\frac{5}{16}$	offer 6$\frac{7}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	9	One month	5.74	Three year	7.23
Broker loan rate	7½	Two month	5.67	Four year	7.42
Fed funds	5$\frac{13}{16}$	Three month	5.81	Five year	7.72
Fed funds at intervention	-	Six month	5.95	Seven year	7.92
		One year	6.30	10-year	8.02
		Two year	6.97	30-year	8.18

Apr.18	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.75-8.85	8.80-8.95	8.90-9.05	8.95-9.15	9.05-9.25	9.00
Paris	9$\frac{1}{16}$-9$\frac{3}{16}$	9$\frac{1}{16}$-9$\frac{3}{16}$	9$\frac{1}{16}$-9$\frac{3}{16}$	9⅛-9¼	9¼-9⅜	9.25
Zurich	7⅞-8⅛	8⅛-8¼	-	8¼-8⅜	-	-
Amsterdam	8.13-8.38	8.95-9.05	-	9.02-9.12	-	-
Tokyo	8⅛-8⅞	8⅛-8⅞	-	-	-	-
Milan	11⅛-11⅞	11⅞-12	-	11¾-12	-	-
Brussels	8.93-9.00	8⅞-9	-	9⅛-9⅜	-	-
Dublin	8¾-8¼	10-10⅛	10⅛-10⅜	10⅛-10⅜	10-10¼	-

LONDON MONEY RATES

Apr 18	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	11¾	11$\frac{13}{16}$	11$\frac{13}{16}$	11⅝	11⅜
Interbank Bid	11	11½	11$\frac{11}{16}$	11$\frac{11}{16}$	11½	11¼
Sterling CDs	-	-	11$\frac{11}{16}$	11$\frac{11}{16}$	11$\frac{9}{16}$	11⅜
Local Authority Deps.	11⅝	11$\frac{11}{16}$	11¾	11$\frac{11}{16}$	11½	11$\frac{5}{16}$
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11¼	11½	11⅝	11¾	-	-
Company Deposits	-	-	11$\frac{13}{16}$	11$\frac{13}{16}$	11⅝	11⅞
Finance House Deposits	-	-	11$\frac{13}{16}$	11¾	11$\frac{11}{16}$	11½
Treasury Bills (Buy)	-	-	11½	11⅜	10$\frac{13}{16}$	-
Bank Bills (Buy)	-	-	11⅛	11$\frac{9}{16}$	10$\frac{15}{16}$	-
Fine Trade Bills (Buy)	-	-	12⅛	11$\frac{13}{16}$	11$\frac{5}{16}$	-
Dollar CDs	-	-	6.10	6.13	6.27	6.72
SDR Linked Dep. Offer	-	-	7$\frac{13}{16}$	7$\frac{13}{16}$	7⅞	8
SDR Linked Dep. Bid	-	-	7$\frac{11}{16}$	7$\frac{11}{16}$	7¾	7⅞
ECU Linked Dep. Offer	-	-	9⅝	9⅝	9⅝	9½
ECU Linked Dep. Bid	-	-	9½	9½	9½	9⅜

Treasury Bills (sell); one-month 11⅜ per cent; three months 11$\frac{5}{32}$ per cent; six months 10$\frac{13}{16}$ per cent; Bank Bills (sell); one-month 11$\frac{13}{32}$ per cent; three months 11$\frac{3}{16}$ per cent; Treasury Bills; Average tender rate of discount 11.2351 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 28 ,1991 . Agreed rates for period April 23,1991 to May 25 , 1991, Scheme I: 13.52 p.c., Schemes II & III: 13.71 p.c. Reference rate for period March 1,1991 to March 28 , 1991, Scheme IV&V: 12.472 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 from April 1 , 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8½ per cent; one-three months 11 per cent; three-six months 10½ per cent; six-nine months 10 per cent; nine-twelve months 9½ per cent; Under £100,000 8½ per cent from April 15,1991 , Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Citibank Savings
St Martins Hse, Hammersmith Grove W6 081-741 4941
Money Market Plus
£2,000-£24,999 | 10.50 | 8.00 | 11.07 | Mth
£25,000 | 11.00 | 8.30 | 11.79 | Mth

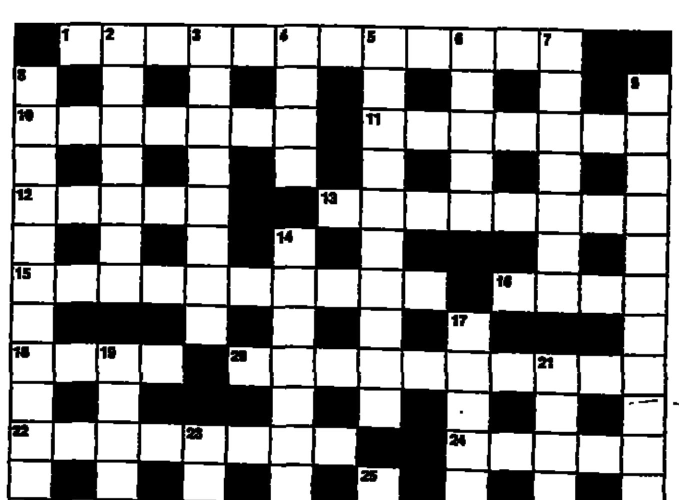
Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070
£2,000-£19,999 | 9.75 | 7.32 | 10.11 | Qtr
£20,000-£49,999 | 10.20 | 7.65 | 10.60 | Qtr
£50,000+ | 10.70 | 8.03 | 11.13 | Qtr

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485
High Int Cheque Acc | 12.50 | 9.375 | 13.10 | Qtr

NOTES— Gross: Contractual rate of interest payable not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

CROSSWORD

No.7,522 Set by GRIFFIN



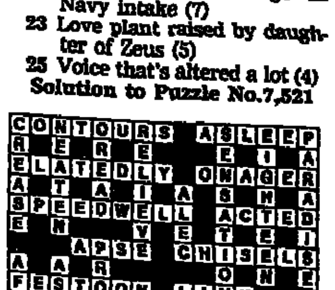
ACROSS

1 Nunnery takes loan I arranged as usual (12)
10 Which keeps locks in good order? (7)
11 Entering 6 Down – one many spotted! (7)
12 Studies article in "Things You Can Pot" (5)
13 Indication of level I'd found in church (8)
15 Its output could be measured in degrees (10)
16 Time to go fast? (4)
18 Said what waters garden weeds! (4)
20 They provide time for work (10)
22 Not even fellows take to back street scraps (8)
24 Kind union leader imprisoned by court (5)
26 Tell Jack "managed to return key" (7)
27 Better than oil from Scottish region (7)
28 Defects in thigh-length trousers in store (12)

DOWN

2 Ring French friend about apparatus for paper-folding (7)
3 Girl I'd taken around after vehicle disappeared (8)
4 Surprise when climbing for bananas? (4)
5 Novelty pub gets round of applause (10)
6 Ton-up man of special significance (5)
7 Freedom from metabolic encephalitis (7)
8 Nevertheless available or included complete (13)
9 Which could be in the form of a circular plug (13)
14 Variety of donkey suffering torment (10)
17 Something aimed at newlyweds (8)
19 Bears stop American engineers entering (7)
21 Bringing in new age in Navy intake (7)
23 Love plant raised by daughter of Zeus (5)
25 Voice that's altered a lot (4)

Solution to Puzzle No.7,521



WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices April 18

MONTREAL

3:00 pm prices April 18

Total Sales 12,571,100 shares

INDICES

NEW YORK

DOW JONES	Apr. 17	Apr. 16	Apr. 15	Apr. 12	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3004.46	2986.88	2933.17	2920.79	3004.46 (17/4)	2470.30 (9/1)	3004.46 (17/4/91)	41.22 (2/7/32)
Home Bonds	94.31	94.26	94.11	93.95	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1166.26	1143.51	1123.24	1128.88	1166.26 (5/3)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	219.76	220.89	218.81	218.18	220.89 (16/4)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3030.45 (2995.79) Low 2963.12 (2912.13)

STANDARD AND POOR'S

	Apr. 17	Apr. 16	Apr. 15	Apr. 12	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite †	390.45	387.62	381.18	380.40	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	462.40	456.93	452.30	451.12	462.40 (17/4)	364.90 (9/1)	462.40 (17/4/91)	3.62 (21/6/32)
Financial	31.49	30.93	30.16	30.07	31.49 (17/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	213.21	211.71	208.59	208.08	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	372.46	369.99	366.87	366.63	372.46 (17/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	511.31	506.75	500.84	501.62	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	Apr.12	Apr.5	Mar.22	year ago (approx.)
Dow Industrial Div. Yield	3.45	3.48	3.53	3.98

	Apr.10	Apr.3	Mar.27	year ago (approx.)
S & P Industrial div. yield	2.85	2.81	2.84	3.04
S & P Ind. P/E ratio	18.17	18.44	18.27	15.13

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
RJ Nabisco	6,665,000	11⅞	- ⅛
Am T & T	3,448,900	37⅞	+ ⅛
Utd Tech	3,196,500	45⅛	- ⅞
Phillip Morris	3,007,400	70⅝	- 1
Boeing	2,511,300	47	+ ½
Citicorp	2,436,900	16	- ⅛
Waste Man	2,397,800	40⅜	+ 1⅛
Utd Tel	2,339,900	27	+ 2
Conner Perif	2,306,200	27	+ 2⅛
Beth Steel	2,258,800	13⅛	+ ½

TRADING ACTIVITY

† Volume (Millions)	Apr. 17	Apr.16	Apr.15
New York	248.887	214.480	161.800
Amex	16.666	13.686	10.497
NASDAQ	267.555	223.449	167.795
Issues Traded	2,096	2,091	2,064
Rises	1,025	1,130	942
Falls	572	523	663
Unchanged	499	438	459
New Highs	223	184	155
New Lows	2	5	4

CANADA

TORONTO	Apr. 17	Apr. 16	Apr. 15	Apr. 12	1991 HIGH	1991 LOW
Metals & Minerals	3211.26	3147.92	3120.02	3123.67	3284.18 (5/3)	2632.06 (9/1)
Composite	3545.93	3539.73	3516.43	3509.39	3571.53 (6/3)	3161.95 (15/1)
MONTREAL Portfolio	1866.25	1865.47	1848.02	1842.21	1888.19 (5/3)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 18	Apr. 17	Apr. 16	Apr. 15	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1513.0	1490.6	1471.7	1462.7	1513.0 (18/4)	1204.5 (16/1)
All Mining (1/1/80)	673.7	665.7	660.1	659.4	673.7 (18/4)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	531.92	533.28	534.81	531.09	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1162.00	1212.15	1209.40	1208.07	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	351.92	350.93	349.86	351.57	354.26 (4/4)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1124.1	1143.1	1157.8	1164.1	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	489.79	485.75	487.15	487.88	493.78 (9/4)	394.88 (15/1)
CAC 40 (31/12/87)	1815.74	1829.45	1802.91	1822.35	1851.89 (3/4)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	684.45	686.01	680.39	680.28	686.01 (17/4)	570.48 (15/1)
Commerzbank (1/12/53)	1939.90	1942.30	1926.10	1925.40	1942.3 (8/3)	1612.5 (15/1)
DAX (30/12/87)	1613.76	1623.83	1603.36	1601.42	1623.83 (17/4)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3699.26	3687.01	3717.46	3714.37	3869.70 (3/4)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1491.72	1494.37	1482.63	1486.93	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	598.70	594.91	587.66	591.54	600.29 (5/4)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	26787.45	26980.37	26813.30	26695.53	27146.91 (18/3)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	2011.55	2028.82	2018.83	2012.06	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3383.87	3387.34	3355.35	3343.78	3387.34 (17/4)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	595.56	(c)	(c)	580.11	605.85 (11/3)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	275.2	274.9	272.5	274.8	275.2 (18/4)	221.4 (16/1)
CBS All Shr (End 1983)	200.9	200.9	199.2	200.9	200.9 (15/4)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	718.94	718.01	705.61	707.90	735.00 (8/3)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1091.36	1080.93	1090.46	1095.90	1154.73 (8/4)	582.64 (18/1)
SINGAPORE						
SES All-Singapore (2/4/75)	414.60	411.58♦	404.06	405.18	415.46 (15/3)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1081.0♦	1068.0	1066.0	1059.0	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3470.0♦	3457.0	3456.0	3453.0	3458.0 (11/4)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	625.09	632.55	635.41	634.52	697.62 (4/1)	614.60 (16/1)
SPAIN						
Madrid SE (30/12/85)	284.11	284.26	282.68	282.84	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1087.80	1089.10	1092.90	1098.80	1119.0 (18/3)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	734.0	734.2	728.7	(c)	743.0 (3/4)	590.4 (14/1)
SBC General (1/4/87)	619.4	620.8	618.5	(c)	625.1 (9/4)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5690.11	5451.66	5313.31	5671.45	5690.11 (18/4)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	904.69	890.46	886.03	884.66	904.69 (18/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (\$)	525.2*	529.2	525.6	523.8	529.2 (17/4)	439.1 (16/1)

**Saturday April 13: Taiwan Weighted Price: 5593.10. Korea Comp Ex. 638.21.
♣ Subject to official recalculation. ♦ Corrected figure. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 18 April 1991

	Stocks Traded	Closing Prices	Change on day
Chiyoda	11.5m	3,020	+20
Nippon Yki Kgo.	9.5m	1,030	+45
Citizen Watch	5.9m	1,050	+30
M'bishi Elec	4.8m	801	-2
Fuji Elec	4.2m	900	-10
Hitachi Zosen	4.1m	650	-6
Nippon Steel	4.0m	482	-7
Sharp	4.0m	1,520	-30
Nisshin Steel	3.6m	768	+8
Taiyo Yuden	3.6m	1,080	-10

3.15 pm prices April 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅝	9¼	AAR Corp	0.48	0.03	13	1748	15	13¾	14⅞	+1¼
29½	21⅝	A L Labs A	0.16	0.01	31	416	26½	25⅞	26¼	
54⅞	40⅞	AMP Inc	1.44	0.03	20	2274	54½	53	54¼	+1
69½	44¼	AMR				1008223	u64⅝	63½	64⅛	+⅛
2⅝	1¼	ARX			3	514	2½	2⅜	2½	
49¾	41½	ASA	3.00	0.07	12	1101	48¾	44¼	44½	−¼
54	38¼	Abbott Lab x	1.00	0.02	22	4036	53⅜	52⅞	52⅞	−½
13⅝	9⅞	AbtiBx Pr x	0.50	0.04	19	37	13½	13½	13½	
11⅜	10⅝	ACM Gvt In x				981	u11⅝	11¼	11¼	
9¾	8¾	ACM GvOpp x				71	9¼	9⅛	9⅛	−⅛
9	8⅛	ACM Gvt Sp	1.01	0.11		188	u9	8⅞	9	
11	9⅞	ACM Gvt Se				443	u11	10⅞	10⅞	
8¼	7⅝	ACM Mgn x				640	8	7⅞	8	+⅛
12⅝	11⅞	ACM Mangd x				139	u12⅝	12¼	12⅝	+⅛
7½	4¾	Acme Cleve	0.40	0.06	17	718	6⅝	6	6½	−½
6	4⅞	Acme Elect			16	8	4⅞	d4⅞	4⅞	
40	22¾	Acuson			25	1004	36	35⅝	35⅝	−2
17⅞	14¼	Adams Expr	0.48	0.03	0	57	17¼	17⅛	17⅛	−⅛
20½	18⅞	Adobe12Pf x	2.40	0.12		57	19⅝	19⅜	19½	−⅛
9½	7	Adobe Res			20	260	7⅞	7⅝	7⅝	−⅛
35⅞	18	Ad Micro				62	35⅛	34⅞	34⅞	−⅛
14⅞	4⅝	Ad Micro P	3.00	0.22	15	7453	14⅛	13¾	13⅞	−⅛
9⅞	2⅛	Advest Grp			3	174	4¼	4½	4⅝	−⅛
49⅝	33⅞	Aetna Lf	2.76	0.06	8	1995	49	48	48½	−½
10⅝	6⅝	Affil A	0.24	0.03	24	1409	8⅝	8⅜	8½	−⅛
18⅜	12	Ahmanson	0.88	0.05	9	4972	18⅜	17	17¼	−⅞
5⅞	2⅞	Aileen Inc			9	197	5⅛	5½	5⅛	−⅛
70⅝	51⅜	Air Pr Chm			15	741	66¼	65⅜	65½	−½

1991 High	Low	Stock	Div.	Yld.
38¼	28¼	Borden Inc	1.08	0.03
18½	16½	Bostn Celt		
16	14½	BstnE PfC		
85½	80	Bostn Ed 8 x		
28⅝	19½	Bowater	1.20	0.04
11	6⅝	Brazil Fnd		
30	22⅞	BRE Prop	2.40	0.08
32¼	24⅝	Briggs & S		
80⅝	61¼	Bristol M	2.40	0.03
33¼	24½	Brit Airwy	2.21	0.08
49⅞	40⅞	Brit Gas		
77½	68⅝	BP ADR	4.26	0.06
31½	26⅝	BP Prudhoe	3.48	0.11
8⅞	6¼	BP Wts93		
27⅝	21	Brit Steel		
66	51¼	Brit Tel		
12⅝	4⅜	Broad Inc	0.20	0.02
30	28	BrklnPfd		
28⅝	27	Brooklyn U	1.90	0.07
28	21¾	Brown Grp	1.60	0.06
12⅝	6⅜	Brown&Shrp		
29⅞	20⅝	Browning F	0.68	0.02
4⅞	2⅛	BRT		
16⅞	8⅝	Brunswick	0.44	0.03
19⅞	14⅛	Brush Well	0.72	0.04
27½	23⅝	Buckeye Pt	2.60	0.10
16⅛	13	Bunker Hll	1.64	0.11
13⅝	10¼	Burger K I	1.86	0.12

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¾	4⅞	RAC Mortg	0.60	0.08	7	83	7¾	7⅛	7½	
12⅞	4½	RJRNab Wtt				1665	11⅞	11¾	11⅞	+⅛
16⅛	11⅞	RLI Corp	0.44	0.03	7	181	16	15⅝	16	+¼
8	4	RMI Titanm	0.10	0.02	3	646	6½	6⅛	6⅛	-⅛
11¼	6⅞	ROCTaiwan				225	11⅛	10⅞	11⅛	+¼
6¼	4⅛	RPS Realty x	0.80	0.14	7	104	6	5⅞	5⅞	-⅛
79½	48¼	Racal ADR			22	822	77½	70¾	70¾	-1
60⅛	46⅛	Ralston Pu	1.08	0.02	16	3154	58⅞	56¼	56¼	-2⅞
29¾	21⅛	Raychem Co	0.32	0.01	8	970	27	25⅛	26¼	+¼
34⅞	16⅛	RayJames F	0.14	0.00	25	141	u36	34⅞	35¾	+1⅛
84½	65⅞	Raytheon	2.40	0.03	9	1079	81⅛	80½	80⅞	-⅝
36⅝	26⅛	ReadrsD A x	0.60	0.02	23	316	u36⅛	36⅛	36½	
2½	1½	Reading&B			1	166	2⅛	2	2	-⅛
17½	12⅞	RealEstIT	1.42	0.08	14	56	16⅞	16⅝	16⅞	-⅛
7¼	4⅛	RecognitEq			2	140	7⅛	6⅞	7⅛	-⅛
25⅞	10⅛	Reebok Int	0.30	0.01	16	9070	u25⅞	25	25¼	+¼
[illegible]	[illegible]	Regal Intl			14	3	[illegible]	[illegible]	[illegible]	
12⅞	6⅛	Reich&Tang			7	62	12	11⅞	12	+⅛
7½	4½	Reliance	0.32	0.05	69	28	6¼	5⅞	6⅛	
27¼	20⅛	Repsol ADR				124180	25⅞	25	25⅛	-⅝
61⅞	47	Repub N Y	1.40	0.02	10	165	60	59	59¼	-1¼
3⅝	1⅛	Rexene Crp			29	72	2⅛	2⅝	2⅝	-⅛
21⅝	16	Reynolds&R	0.84	0.04	9	41	21½	21¼	21⅜	-⅛
65⅝	52	Reynolds M	1.80	0.03	14	867	60⅝	59⅝	60⅝	
34	23	RhoneP ADR				z100	u34	34	31⅛	-2⅛
19½	9⅛	RhoneP ADS				2426	17⅞	17⅝	17⅝	-⅜
83¼	67⅞	RhoneP Por	0.84	0.01		370	79¼	79¼	79¼	-½
19½	10⅛	RhoneP SA				122	19⅛	18¼	18¼	-⅞
47⅞	35½	Rite Aid x	1.00	0.02	18	861	47	46½	46⅞	+⅛
0.15	[illegible]	River Oaks			0	40	[illegible]	0.15	0.15	+0
11⅝	7¼	Robert Hal			14	z100	11¼	11¼	11⅛	-⅛
20¾	17¾	Roch G&E	1.62	0.08	11	57	20¼	19⅞	19⅞	-⅜
30½	26	Roch Tel x	1.50	0.05	17	66	30⅜	30	30⅛	-⅛
20¼	18	RockefRCtr	1.92	0.10	19	251	19¾	19½	19⅝	

[illegible]

NASDAQ NATIONAL MARKET

3:00 pm prices April 18

[illegible]

AMEX COMPOSITE PRICES

3:00 pm prices April 18

[illegible]

AMERICA

Dow takes a break after Wednesday's record close

Wall Street

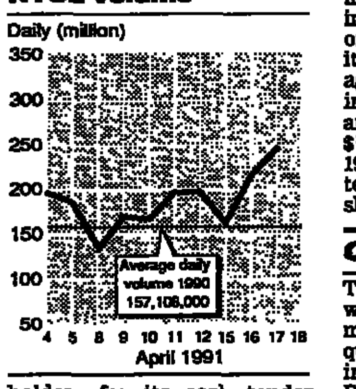
AFTER the big gains of Tuesday and Wednesday, share prices fluctuated either side of their opening values yesterday morning in directionless but heavy trading, *writes Patrick Harverson in New York.*

By 1.30 pm the Dow Jones Industrial Average was up 2.97 at 3,007.43. On two occasions in the morning the Dow dropped below 3,000, only to recover. The broader-based Standard & Poor's 500 spent the first half of the day in negative territory, standing down 0.03 at 390.42 at 1 pm, while the Nasdaq composite of over the counter stocks was down 2.49 at 508.82. Turnover on the New York SE was again heavy at 137m shares by 1 pm, with declining issues outnumbering advancing issues by 803 to 688.

Two pieces of encouraging economic news failed to lift the market. The latest jobless claims figures, for the week ending April 6, showed a 22,000 fall in the number of people claiming state unemployment insurance. Analysts had been expecting the number to rise. The February trade deficit narrowed to \$5.3bn, the smallest since September 1983. Although the data should have boosted optimism about the economy, market sentiment remained subdued, primarily because much of the coverage of the Dow's record close on Wednesday suggested that the rally did not have much further to go.

Tonka rose \$⅛ to \$4⅞ on volume of 1.7m shares on the news that Hasbro, the rival toy company, had received more than the required 90 per cent approval from Tonka bondholders for its cash tender offer. Hasbro shares, traded on the American Stock Exchange, rose \$1 to \$28⅛.

NYSE volume



A batch of mixed quarterly results in the technology sector caused a stir. Digital Equipment jumped \$4⅞ to \$71 on volume of 1.6m shares after the computer group announced fiscal third quarter income of 94 cents a share, up from 20 cents a share a year earlier. Tandem Computers climbed \$1½ to \$15⅞ on news of fiscal second quarter net earnings of 17 cents a share, against 25 cents a share the year before, while Texas Instruments slipped \$¼ to \$45⅞ as it reported a first quarter loss.

Sears, Roebuck rose \$⅝ to \$38 after the retailing giant announced first quarter profits of 59 cents a share, which included a charge against earnings. Lockheed fell \$1⅛ to \$41 on news that first quarter profits had fallen from \$1.09 a year ago to 85 cents a share. Schering-Plough, the pharmaceutical and healthcare group, firmed \$⅛ to \$51⅞ in the wake of an 19 per cent increase in quarterly income to 79 cents a share.

Canada

TORONTO stocks fell on weaker US and Canadian bond markets and some mixed first quarter results. The composite index dropped 13 to 3,533.00. Declines led advances by 215 to 176 on volume of 21.0m shares.

Campeau added 4 cents to C\$1.23 in heavy trade, after going as high as C\$1.45 early on. There were hopes that its US retail units, Federated and Allied, were on the road to recovery and would unveil a strong reorganisation plan on April 29. BCE Development, another troubled property company, was also actively traded, edging up 1 cent to 14 cents.

ASIA PACIFIC

Nikkei uptrend broken by interest rate standstill

Tokyo

SHARE prices fell for the first time in six days, despite the overnight record close on Wall Street, as investors waited for the March money supply figures, *writes Emiko Terazono in Tokyo.*

The Nikkei average fell 181.47 to 26,798.90 on index-linked selling and profit-taking, after a high of 27,042.90 and a low of 26,699.67. Volume fell to 400m shares from 480m, with institutional investors disappointed by the central bank's decision to maintain high short-term rates.

Declines outnumbered advances by 727 to 250 with 180 unchanged. The Topix index of all first section stocks lost 17.27 to 2,011.55 and in London, the ISE/Nikkei 50 index fell 0.02 to 1524.10. Traders said that sentiment had not changed drastically. Mr Fujio Katayama at CS First Boston said that some institutions were realising profits, but added that he thought the downside would be limited.

The electrical sector, popular on Wednesday, fell back with Pioneer down Y10 to Y5,040 and Sony by Y110 to Y6,680. Large-capital issues fell as Mr Yasushi Mieno, the governor of the Bank of Japan, ruled out the possibility of an easing in monetary policy. Nippon Steel lost Y7 to Y482 and Mitsubishi Heavy declined Y10 to Y785.

Financials lost ground on poor interest rate prospects, with Industrial Bank of Japan Y170 lower at Y3,650 and Fuji Bank retreating Y80 to Y2,630. Non-life insurances were also weak with Tokio Marine & Fire losing Y40 to Y1,350.

Daiichi Pharmaceutical lost Y90 to Y2,230 on reports that earnings for the previous business year are expected to fall for the first time in eight years. Other drug makers followed with Yamanouchi down Y10 to Y3,020 and Dainippon Y20 to Y2,250.

Chiyoda, the plant engineer, was the most active issue of the day, climbing Y20 to Y3,020. Investors liked reports that the company had agreed to supply a Czech engineering company with de-sulphurising equipment.

Nippon Yakin Kogyo, the stainless steel maker, rose Y45 to Y1,030 on buying by a big Japanese securities house which is promoting the stainless steel theme. The brokers have been trying to boost activity by recommending 'theme' stocks, but traders said that institutional investors were not interested in taking positions at current levels.

In Osaka, the OSE average fell 80.14 to 30,075.98 on volume 44.3m shares. Constructions and textiles lost ground, while some high-technology stocks were firm on the rally on Wall Street. Omron, the electronic component maker, rose Y30 to Y2,350. Traders said that investors who had bought its Eurodollar-denominated warrant bonds, launched last week, were trying to raise the price.

Sanoyas Hishino Meisho, the shipbuilder, rose Y60 to Y1,920 on strong earnings projections, thanks to strong sales of its playground equipment.

Roundup

NEW HIGHS for 1991 were almost commonplace yesterday, with Australia, New Zealand, Taiwan and Thailand all building on Wall Street's rally and breaking new ground.

NEW ZEALAND extended its rally as falling domestic interest rates helped fuel bullish sentiment. The Barclays index closed 21.64 or 1.5 per cent to 1,480.37. The index has now climbed by 11.4 per cent in the last three weeks. Turnover, inflated by a cross-trade of 40m shares in Magnum, a brewing and grocery group, jumped from NZ\$35.7m to NZ\$146.2m.

Brierley Investments said that it was selling its 17 per cent stake, 50.6m shares in Magnum, retaining a half-share in a separate 54.1-per cent stake in Magnum through an existing joint venture with Asia Pacific Breweries of Singapore.

Brierley rose 2 cents to NZ\$1.11 in volume of 7.2m shares, while Magnum fell 7 cents to NZ\$2.73 in volume of 40.1m shares.

AUSTRALIA broke through 1,500 on the All Ordinaries index which closed 22.5 or 1.5 per cent higher at 1,513.1, its highest close since September and its sixth consecutive rise. Brokers noted active Asian buying as turnover rose from A\$237m to A\$320m.

TAIWAN saw a peaceful ending, by local standards, to a 15-hour opposition demonstration demanding political reform. The weighted index rose 239.05 or 4.4 per cent to 5,690.11 as turnover rose from T\$58.7bn to T\$78.9bn.

BANGKOK heard that five big banks were cutting a percentage point off interest rates and traded in heavy turnover of 5.52bn baht, particularly in property shares, as the SET index cracked the key 900 resistance level to close 14.23 higher at 904.69.

MANILA closed higher in spite of continued profit-taking, which ate up much of the session's early gains. The composite index rose 10.43 to 1,091.36. HONG KONG made moderate progress, the Hang Seng index rising 12.25 to 3,699.26. SEOUL, still dejected, saw the composite index 6.66 lower at 625.89, its tenth decline in the last eleven sessions.

ADRs gain popularity in the Netherlands

Ronald Van de Krol *explains how Dutch companies are latching on to US markets*

IN A SUDDEN burst of activity, three companies in the Netherlands – Amev, Ahold and Fokker – announced plans for new American Depositary Receipt (ADR) programmes this month, bolstering the direct presence of Dutch companies on US stockmarkets.

Ahold, the big Dutch food retailer, already had an ADR programme, but it deepened its commitment by listing the ADRs on Nasdaq on April 8. Fokker, the airplane builder, and Amev, the insurance company, are newcomers to ADRs. Trading in Fokker's ADRs began on the over-the-counter market this month, with Amev scheduled to follow in June.

The moves, while unveiled almost simultaneously, are part of a wider, more gradual rise in the use of ADRs among Dutch companies since the early 1980s. The nearly identical timing of Amev, Ahold and Fokker is due more to the release of pent-up demand following the end of the Gulf War than to any special factors which make ADR programmes more attractive, bankers say.

There are now 23 Dutch companies with ADR programmes, putting the Netherlands in second place in Europe after the UK and just ahead of Sweden.

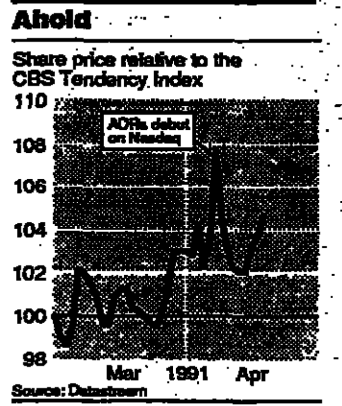
Because of their small home market Dutch companies have traditionally used ADRs to widen their shareholder base. ADRs enable US investors to invest in foreign companies and at the same time to receive dividend cheques in dollars.

Apart from the usual reasons, Ahold, which recently acquired its fourth major US supermarket chain, said it decided to launch a full ADR programme to make it easier for its 55,000 US employees to invest in the company. Fokker and Amev wanted to meet growing US demand for their shares. None of the three has immediate plans to raise fresh capital through ADRs.

"Many US institutional investors are obliged to invest only in dollar-denominated shares. The ADRs allow us to tap a potentially large number of shareholders," says Mr Peter Glasbeek, Fokker's assistant treasurer.

Ahold

Share price relative to the CBS Tendency Index



Source: Datastream

Most well-known Dutch companies, ranging from Philips to Heineken, already have ADR programmes of different sorts, varying from unsponsored programmes to full listings on one of the US stock exchanges.

Mr Robert Murray, head of the ADR department at JP Morgan in New York, which is the depositary institution for the three latest programmes and for well over half of all Dutch ADRs, says at least six other Dutch companies are considering ADR transactions. DSM, the chemicals group, has already said that it may launch a programme later this year.

One possible consequence of launching ADRs is that trading in the US can affect the level of a company's share price on the home market. For example, nearly half of shares in Reuters, the UK-based financial information group, are held in the form of ADRs, which sometimes means that the share price is determined in New York rather than London.

This is not yet true of any Dutch company, though the potential exists. "If a programme is very successful, you're going to see trading in the US which could have an impact on the market value in Holland," Mr Murray says.

But he adds that foreign stock markets exert influences over share prices in other countries in any case, and an ADR programme merely makes that link more visible.

Ahold's move to the Nasdaq market helped boost its share price in Amsterdam, at least temporarily, for two reasons. Strong initial demand in the US led to buying of Ahold's Dutch shares for repackaging as ADRs. The company's US roadshows also kindled interest in the Dutch-listed shares from institutional investors who are able to invest in Ahold in guilders.

On April 8, the first day of Nasdaq trading, Ahold's shares rose by Fl 2.70 (\$1.42) to Fl 86, extending increases sparked by its recent acquisition of Tops Markets, a New York-based supermarket chain, and by the rise of the dollar. Its shares later fell back, partly due to the resignation of a top executive in the Netherlands. They closed yesterday at Fl 83.90, up 30 cents on the day.

EUROPE

Sandoz opens share register to foreigners

CORPORATE issues steered bourses yesterday. Predictions of a further, although reduced, fall in German company profits in 1991 vied with unsatisfactory 1990 results in France, and the opening of Sandoz's share register to foreigners in Switzerland, *writes Our Markets Staff.*

FRANKFURT was faced with a forecast of lower 1991 German corporate profits from Degab, Deutsche Bank's investment research arm; a Bundesbank decision to hold interest rates; and a BASF board meeting which held the annual dividend rate at DM13 a share.

It was a little depressed by Degab, which expects a fall of 1 per cent this year after one of 5 per cent in 1990. This will be followed by a rise of 8 per cent in 1992 . However, it sees the fall concentrated in the automotive, chemical and steel industries.

Cars and chemicals are heavily weighted in the DAX index, which closed 10.07 lower at 1,613.76 yesterday after a fall of 1.46 to 684.55 in the FAZ at midsession. The interest rate decision did not surprise dealers but the BASF dividend lifted the chemical company's shares, from a day's low of DM246.50 before the news to a close of DM251.30, up 60 pfg on the day. Turnover fell from DM8.2bn to DM7bn

Mr Michael Geiger, an analyst with County NatWest in London, said that County expects an increase in German corporate earnings this year and next, to take the German market p/e down from 14.3, through 13.7 to 12.6. Degab expects banking, a very big sector, to rise by 11 per cent this year; County expects a far bigger improvement on the grounds that the banks will not have to repeat provisions against bond portfolio losses on anything like the same scale this year.

Bilfinger & Berger, the construction company, rose DM3 to DM900 after news of a deep discount rights issue yesterday. Mr Geiger said that the company would benefit from the new equity, and that the market had absorbed similar issues in 1989 and 1990.

ZURICH concentrated on Sandoz, the chemical company, which announced the opening of its registered shares to foreigners, a stock split and a rights issue. The registered shares jumped SFr675 to SFr11,025, while the bearers fell SFr550 to SFr11,350 on the loss of their availability advantage over the registered stock. The Crédit Suisse index closed 2.6 lower at 555.6.

PARIS had a busy start with about FFr500m traded in the first hour, concentrated on BNP, Michelin and Peugeot. Receding hopes for lower interest rates, weaker bonds and concern that the market was about to run into a spate of rights issues pushed the CAC 40 index 13.71 lower to 1,185.74 in turnover estimated at about FFr2.5bn.

BNP was the day's biggest loser, falling FFr40.40 or 14.4 per cent to FFr240.50 and was the day's second most active stock with 542,425 shares exchanged. The sell-off was prompted by surprisingly bad 1990 results, and a dividend cut.

Accor, the hotel group, dropped FFr21 or 2.6 per cent to FFr800 on fears of a rights issue. The group denied a report that it planned to increase its stake in the Belgian travel firm Wagons-Lits. Accor also postponed for several days a financial news conference planned for yesterday.

In the motor sector, Peugeot rose FFr8 FFr546 on volume of 183,750 shares. The market was relieved that the drop in the car maker's earnings coincided with earlier warnings from its chairman.

STOCKHOLM fell on higher domestic interest rates and concerns about the impending first quarter reporting season. The Affärsvärlden index eased 1.2 to 1,087.9 in relatively high turnover of SKr406m after SKr302m.

Electrolux free b shares fell SKr5 to SKr224 following a negative report on the company in a Swedish business magazine on Wednesday.

MILAN continued to focus on the insurance and banking sectors. The Comit index rose 3.77 to 598.70.

Generali rose L600 to L37,940 and hit L38,350 after hours while in the banking sector, Mediobanca closed at L15,980, up L200. Telecoms were also in the limelight. Stet jumped L28 to L2,376 and Sirti was up L90 to L12,890. Elsewhere, Cir, the holding company of Mr Carlo De Benedetti, recouped L35 to L2,645 after its recent weakness.

AMSTERDAM closed weaker ahead of the expiry of April series options and index futures today. The CBS general tendency index eased 0.5 to 96.8.

Chemical group DSM closed down Fl 4.00 at Fl 112.40 after going ex-dividend of Fl 5.00 and paper maker KNP ended Fl 2.50 down at Fl 53.90, ex-dividend of Fl 2.50.

Nedlloyd was 50 cents higher at Fl 53.80 after reporting a 1990 net loss in line with its own forecast at Fl 148.2m.

MADRID picked up slightly in the afternoon session but still showed a small loss at the end of a dull day. The general index closed at 283.91, 0.20 down overall but slightly up from the close of pit trading.

HELSINKI fell another 1.7 per cent in moderate trade, blaming profit-taking as the Hex index fell 19.0 to 1124.1 after a 14.7 point decline on Wednesday.

FT-SE Eurotrack 100 - Apr 18

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1131.75	1130.70	1127.97	1125.48	1126.21	1125.85	1122.45	1124.98

Day's High 1131.75 Day's Low 1122.34

Apr 17	Apr 16	Apr 15	Apr 12	Apr 11
1126.20	1113.65	1125.46	1116.71	1108.33

Base value 1000 (26/10/90)

SOUTH AFRICA

JOHANNESBURG rose in cautious trading. The all-share index rose 8 to 3,004, the all-gold index added 13 to 1,081 and the industrial index put on 13 to 3,470. Vaal Reefs was steady at R186 while De Beers gave up five cents to R77.70.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 17 1991								TUESDAY APRIL 16 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (74)	139.89	+1.4	116.22	120.39	121.46	119.20	+1.4	5.70	137.77	114.21	117.39	119.26	117.57	139.89	112.74	134.88
Austria (19)	212.95	+0.0	177.17	183.55	185.17	184.33	−0.2	1.43	213.04	176.60	181.53	184.42	184.72	222.37	167.00	279.80
Belgium (60)	143.42	+0.2	119.33	123.61	124.71	120.96	−0.1	4.92	143.16	118.68	121.98	123.93	121.10	151.20	121.73	148.36
Canada (116)	140.18	+0.1	116.63	120.82	121.89	116.79	+0.2	3.39	140.09	116.13	119.37	121.26	116.51	141.10	126.49	135.78
Denmark (31)	245.28	+0.4	204.07	211.41	213.28	212.75	+0.3	1.57	244.28	202.50	208.15	211.46	212.14	270.56	217.74	248.26
Finland (21)	123.52	−0.4	102.77	106.47	107.41	101.63	−0.3	2.39	124.03	102.82	105.69	107.37	101.92	125.15	90.61	136.36
France (112)	141.67	+0.4	117.86	122.09	123.17	125.67	+0.9	3.44	141.12	116.98	120.24	122.15	124.57	152.26	121.85	165.21
Germany (88)	114.25	+0.4	95.05	98.48	99.34	99.34	+0.8	2.27	113.80	94.34	96.98	98.51	98.51	125.35	102.43	134.35
Hong Kong (46)	150.97	−0.7	125.60	130.12	131.28	150.98	−0.7	4.52	152.07	126.06	129.57	131.64	152.08	156.75	119.62	125.92
Ireland (16)	168.12	+0.8	139.87	144.90	146.19	147.97	+0.9	3.09	166.72	138.20	142.06	144.31	146.66	182.46	132.88	186.96
Italy (91)	82.51	+1.0	68.64	71.11	71.74	76.41	+1.4	3.34	81.72	67.74	69.63	70.74	75.36	88.23	72.05	103.73
Japan (452)	144.48	−0.7	120.21	124.53	125.65	124.53	+0.5	0.69	145.45	120.58	123.94	125.93	123.94	146.97	118.35	132.70
Malaysia (33)	235.28	+0.1	195.75	202.77	204.57	247.15	+0.0	3.06	235.10	194.89	200.32	203.51	247.15	247.78	192.83	215.80
Mexico (12)	884.76	+2.7	736.10	762.56	769.32	2899.14	+2.8	0.24	861.42	714.08	734.01	745.67	2818.89	884.76	534.45	410.55
Netherland (40)	144.39	+0.6	120.13	124.44	125.55	124.06	+0.9	4.20	143.58	119.02	122.34	124.29	122.93	145.73	125.70	141.94
New Zealand (14)	50.08	+2.3	41.66	43.16	43.54	44.93	+2.3	7.61	48.96	40.58	41.72	42.38	43.90	52.31	41.18	61.84
Norway (30)	200.33	+1.9	166.67	172.67	174.20	176.34	+1.9	1.76	196.52	162.91	167.45	170.12	173.05	223.24	182.24	231.52
Singapore (25)	201.34	+1.9	167.51	173.53	175.07	162.05	+1.8	2.07	197.64	163.84	168.41	171.08	159.25	208.25	151.63	190.66
South Africa (60)	206.97	+1.8	172.19	178.38	179.96	148.58	+0.3	3.84	203.22	168.46	173.16	175.91	148.07	208.54	173.00	184.58
Spain (41)	164.55	+0.4	136.90	141.83	143.08	128.40	+0.6	4.39	163.92	135.88	139.68	141.89	127.60	171.12	131.51	153.32
Sweden (27)	187.79	−0.2	156.24	161.86	163.30	167.36	−0.3	2.80	188.11	155.94	160.29	162.84	167.78	204.12	146.80	185.10
Switzerland (65)	96.26	+0.4	80.08	82.97	83.71	85.16	+1.1	2.44	95.88	79.48	81.71	83.01	84.26	100.67	82.17	91.58
United Kingdom (295)	182.30	+0.6	151.67	157.11	158.50	151.67	+1.0	4.68	181.24	150.24	154.42	156.87	150.24	187.44	156.27	146.71
USA (525)	158.24	+0.7	131.65	136.39	137.60	158.24	+0.7	3.07	157.07	130.20	133.84	135.97	157.07	158.24	125.95	137.79
Europe (936)	145.55	+0.5	121.10	125.45	126.57	123.97	+0.9	3.82	144.81	120.04	123.40	125.36	122.89	151.52	125.50	141.43
Nordic (109)	184.28	+0.3	153.32	158.83	160.24	155.77	+0.2	2.07	183.71	152.28	156.53	159.02	155.41	200.81	155.55	189.24
Pacific Basin (646)	144.16	−0.6	119.94	124.26	125.36	124.83	+0.5	1.02	144.99	120.19	123.54	125.51	124.22	145.92	117.86	132.49
Euro – Pacific (1582)	145.09	−0.1	120.71	125.04	126.15	125.36	+0.6	2.17	145.27	120.42	123.78	125.74	124.55	147.66	121.29	136.46
North America (641)	157.04	+0.7	130.66	135.37	136.58	155.44	+0.7	3.09	155.94	129.27	132.89	135.01	154.33	157.04	125.91	137.57
Europe Ex. UK (641)	123.36	+0.5	102.64	106.35	107.29	107.78	+0.8	3.14	122.81	101.81	104.67	106.33	106.91	129.80	106.85	136.21
Pacific Ex. Japan (194)	139.53	+0.7	116.09	120.26	121.34	124.15	+0.7	4.93	138.61	114.90	118.12	119.99	123.34	139.90	111.40	129.24
World Ex. US (1770)	145.97	−0.1	121.44	125.82	126.93	125.94	+0.6	2.23	146.09	121.10	124.49	126.47	125.15	148.16	122.32	137.06
World Ex. UK (2000)	145.77	+0.2	121.27	125.64	126.76	134.41	+0.6	2.27	145.52	120.63	124.00	125.98	133.58	145.77	120.06	135.23
World Ex. So. Af. (2235)	148.66	+0.2	123.68	128.14	129.27	136.03	+0.7	2.52	148.36	122.98	126.42	128.43	135.11	148.66	122.92	135.94
World Ex. Japan (1843)	152.83	+0.7	127.15	131.74	132.91	142.24	+0.8	3.44	151.84	125.87	129.39	131.46	141.15	152.83	126.69	139.45
The World Index (2295)	149.01	+0.2	123.97	128.43	129.58	136.12	+0.7	2.53	148.69	123.26	126.70	128.72	135.21	149.01	123.28	136.24

Latest prices were unavailable for this edition. Malaysian market closed April 17.

RECRUITMENT

JOBS: Dismal market still offers some hope of upturn from bottom towards end of year

Executive demand plummets to record low

"OH TO be in England now that April's there." If the poet Browning were alive today, and happened to be a job-seeking manager, those famous words would not have been called forth by the beauties of brush-wood sheafs, elm-tree boles and what not. He'd have written them simply out of relief that January, February and March are over.

Never in the 32 years the MSL International consultancy has been keeping count of executive jobs advertised in leading British journals, has a first quarter's demand plumbed such depths.

The handiest indicator of the drop is MSL's index standardised on 1959 market levels as 100. The figure for the three months just ended was 79. The previous lowest for a January-March period – which normally sees the best demand in the calendar year – was the 93 recorded two recessions back in 1976.

More recent comparisons are summarised in the table alongside giving the tallies for the past five 12-monthly periods ended on March 31. The figures represent specific jobs, each that comes on the market counting as one no matter how many times it is advertised.

The quarter-by-quarter results are shown by the four bottom lines.

As may be seen, the last three quarters have successively produced the lowest tallies since 1986, the one for January-March being not much more than half the count for the first quarter of 1990.

The upper part of the table gives the whole 12-monthly periods' figures, breaking them down into eight kinds of managerial and upper ranked specialist work ("others" include people such as buyers, economists, company legal staff and variegated consultants). Suffice it to say that not since 1988-89 has any of the eight shown an improvement on the previous 12-monthly tally, the only one with a single-digit percentage fall in 1990-91 being the more senior general management group.

There is similarly gloomy news, too, in the consultancy's separate counts of jobs advertised by four broad industries. In the latest 12 months, high-technology companies offered 1,743 posts, down by almost 23 per cent on 1989-90 and by nearly 57 per cent from the 4,009 peak the year before. Retailing's 647 tally was a good 25 per cent down on 1989-90, and 45 per cent on its best of 1,185 in 1986-87. Food, drink and tobacco businesses advertised 687 jobs, a drop of almost 17 per cent from the previous 12 months and 38 per cent fewer than the 1986-87 peak of 1,185.

Energy and related companies were mercifully a bit different. True, their latest 2,361 count was down by towards 15 per cent from the previous period, and by 36 per cent from the highest of 3,709 in 1985-86. But at least the most recent figure isn't the industry's worst. Indeed, it is no less than 96 per cent above the miserable 1,304 of 1986-87.

The only other good news that lurks in the figures is also of the "has been worse" kind, and does not show up in the table. Leaving aside the 12-monthly results for the eight categories, and focusing on their quarterly results, I can see two brighter spots. In both cases the January-March tallies, unlike those for the rest of the categories, edged up on the October-December counts.

One was general management, with an 11.2 per cent improvement on the final quarter of last year. But it is the other, smaller gain of only 5.3 per cent that I trust is the more significant.

For one thing, it is the second improvement of sorts in successive quarters. For another, it is in the marketing and sales group which, since 1959, has usually proved a lead indicator of movements in the executive market as a whole.

So there is at least some ground for hope that overall demand will begin to move up from its 32-year nadir in this year's final quarter, if not before.

WHICH said, and jobs being scarce, I will turn to two on offer. In each case the headhunters are unable to name the employer, and promise to honour applicants' requests not to be identified to their clients at this stage.

New York is the base of the first, being offered by Theo Stegers of Recruitment Matters (15 Great Eastern St, London EC2A 3EJ; tel 071-377 1800, fax 071-377 1801). He seeks a manager for the $40m-turnover American arm of a British company in business conferences, publishing and exhibitions.

Candidates need marketing skills, especially direct mail, besides success in profitably running an operation of at least a broadly comparable kind.

Salary around $250,000. Rest negotiable.

Conversely, the second recruit will work for an American group but be based west of London. The job is to manage the executive-selection and assessment activities of a consultancy in management training and development, and is offered through Alan Rundle of Rundle Brownswood, 17 London End, Beaconsfield, Bucks HP9 2HN; tel 0494 676264, fax 0494 670283.

Although candidates must be occupational psychologists, they also need to be proven business-generators and skilled all-round communicators with the ability to plan as well as motivate the efforts of a small team.

Salary plus incentive bonus around £40,000. Perks include car of BMW 520i standard.

Michael Dixon

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF
(12 months to March 31)

Type of work	1990-91 Posts advertised	1990-91 Change from 89-90 %	1989-90 Posts advertised	1989-90 Change from 88-89 %	1988-89 Posts advertised	1988-89 Change from 87-88 %	1987-88 Posts advertised	1987-88 Change from 86-87 %	1986-87 Posts advertised	1986-87 Change from 85-86 %
Research & dvlpmnt	2,849	−23.8	3,738	−14.1	4,353	+24.0	3,510	+ 3.9	3,378	−42.0
Sales & marketing	2,630	−24.4	3,480	−32.6	5,164	−19.0	6,373	+ 4.1	6,124	− 5.0
Production	4,276	−26.6	5,823	−20.3	7,309	+17.1	6,242	+29.9	4,807	−23.8
Accounting	4,462	−32.3	6,588	−13.3	7,602	− 2.5	7,795	+15.8	6,732	+ 5.2
Computing	1,870	−37.6	2,999	−38.5	4,878	+31.5	3,710	+ 0.7	3,686	− 7.8
General management	1,213	− 8.3	1,323	−15.2	1,561	− 5.9	1,659	+19.8	1,385	+ 6.0
Personnel	623	−41.4	1,063	− 4.7	1,115	− 0.2	1,117	+11.1	1,005	+15.5
Others	5,739	−18.5	7,044	−11.0	7,912	+14.1	6,936	+20.9	5,735	− 6.9
Total	23,662	−26.2	32,058	−19.6	39,894	+ 6.8	37,342	+13.7	32,852	−12.0
April-June	7,641	−16.7	9,176	−13.4	10,593	+23.2	8,597	+ 5.2	8,172	−21.5
July-Sept	6,131	−22.0	7,858	−15.8	9,338	+12.9	8,274	+ 8.0	7,664	−19.4
Oct-Dec.	5,318	−19.8	6,627	−26.8	9,048	− 2.2	9,248	+17.8	7,850	− 8.7
Jan-March	4,572	−45.6	8,397	−23.1	10,915	− 2.7	11,223	+22.4	9,166	+ 4.1

BANKING FINANCE & GENERAL

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For further details please contact Anita Barker or Duncan Adlem on (071) 583 0073 (day) or (071) 223 5141 (evenings and weekends) or send your cv in complete confidence to: 16–18 New Bridge Street, Blackfriars, London EC4V 6AU. Or fax (071) 353 3908.

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£ Excellent

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Baring Brothers & Co., Limited,
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Looking ahead to 1992

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The successful candidate will have sound credit judgement, developed in both credit and marketing roles in a banking environment, will probably be educated to degree level, have professional qualifications and be an able organiser with strong interpersonal skills.

An attractive remuneration package is offered, commensurate with skills and experience and includes full banking benefits.

Interested candidates should apply in writing to the address below enclosing a full c.v.

Unibank plc
Eva Bennett, Human Resources
107 Cheapside, London EC2V 6DA

Business Development Consultant

Moscow

A leading telecommunications company, developing opportunities in the USSR, is seeking an experienced consultant to conduct business development activities.

The consultant will identify and evaluate opportunities and develop relationships with key decision makers and potential business partners in the Soviet Union.

The consultant will work independently in Moscow. An understanding of Soviet business and politics, and a command of English and Russian languages is a must. Preferred candidates will have spent time in the USSR.

This is a one year consulting arrangement. Qualified candidates should send a work profile including salary requirements to Box #H8418, #1 Southwark Bridge, London SE19HL. Equal Opportunity Employer.

RISK MANAGEMENT

Swaps and Derivative Products — To £100k

Our client, a major international institution, requires traders with several years experience in Interest Rate and Currency Swaps, FRA's, Options and other OBS products. Experience in trading Yen, DM, £ or S Fr. is preferred as is a strong mathematical and technical background. Suitable candidates will be offered competitive packages and outstanding career prospects.

Marketing and Product Development — To £80k Package

Marketing executives with strong technical knowledge in the area of Swaps and Derivatives who have a background in Financial Engineering, are sought by our client, a major international bank. Analytical ability is essential as is the practical experience of marketing complex solutions to clients based in the UK or Continental Europe.

For a confidential discussion please contact **Mark Jones** or **Kathy Rugg** on **071-867 8899** (fax 071-867 8095), or write to them at
Rathbone UK Ltd, South Quay Plaza II, 183 Marsh Wall, London E14 9FU.

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A successful securities house, backed by one of the world's largest reputable financial institutions has initiated a stock lending activity. This provides an interesting opportunity for a dynamic individual with a proven track record in Stock Borrowing/Stock Lending to help establish the business.

Candidates will have at least one years dealing experience and knowledge of overseas equity settlements. The role demands strong verbal communication skills, effective negotiating ability, good organisation, and team spirit.

Written applications along with comprehensive c.v. should be sent to: Box H8437, Financial Times, One Southwark Bridge, London SE1 9HL.

ACCOUNTANCY COLUMN

Six items all financial reports should have

By John Roques

FINANCIAL reporting in the UK is in the process of much-needed reform. The first tangible evidence came last week when the Accounting Standards Board issued its draft proposals on the restructuring of profit-and-loss accounts.

While welcoming the fact that the ASB is taking a long and intelligent look at the many difficulties of financial reporting, I have some reservations about the package of draft measures issued last week.

At the risk of being controversial, I would like to remind the standard-setters that the essence of good financial reporting is simplicity. In my opinion, complexity should be confined to the notes to accounts. I believe that, while improved in many respects, the new profit-and-loss format proposed by the Accounting Standards Board is still too complicated.

Accountancy is the science (or more probably the art) of communicating financial information. Whatever information is reported, it is necessarily heavily summarised.

Earnings per share is but one measure of summarised performance. It is a useful indicator of corporate profitability, but no more. Company directors and City analysts place too much emphasis on this one number, giving rise to the many well-chronicled distortions in company reporting.

In my opinion, companies should be obliged to present a series of simple measures that reflect the different aspects of the full financial report, not just the profit-and-loss account, but also the balance sheet and cash flow statement. In my view, six ratios or measures would be about the right number.

A key aspect of corporate performance will continue to be profitability. Here there is no reason to depart from the established measure of earnings per share.

Users of accounts need to know the return shareholders will receive from the company, and how safe that return is. That could be given either in terms of dividends per share or dividend cover.

A second profit-and-loss disclosure is that of the return to those other providers of finance, the lenders. Again it is interest cover which is probably of greatest significance, as it also gives a measure of the security of the investors' own ratios.

Turning to balance-sheet items, we need to know the level of capital employed and the adequacy of the way the business is financed. The first of those could be measured in terms of net tangible assets, or possibly net tangible assets per share. Finance is most appropriately summed up by disclosure of the level of gearing.

That gives five measures and I have suggested there should be six. So far, I have concentrated on the profit-and-loss account and balance sheet. But I would suggest that recently the accountants have rediscovered at last one of the most important areas of a company's performance: cash flow.

Most company failures occur because a company runs out of cash. That can happen to profitable companies as well as loss-makers. Of course, a company that makes losses will, unless it is supported by others, eventually run out of cash and fail. It is essential that we accountants develop a suitable measure of cash flow, equivalent to earnings per share.

Something along the lines of the ratio of gross cash flows to profit, or gross cash flows to net assets would probably be suitable. That should be the sixth disclosed measure.

The main statements in the accounts should support those statistics.

They should not be overcomplex. That is why I have reservations about the ASB's new profit-and-loss format.

In most businesses, acquired companies and disposed companies become integrated, or were at least partly integrated, with continuing businesses. Determining their profit separately can only be arbitrary. In most businesses in every year there are circumstances that affect profit which will not recur. Whether those effects are ordinary, or exceptional, or extraordinary, no one can reasonably know. There must be circumstances where disclosure of the total of profit or loss alone would be misleading, but the present proposal is too complex.

On the other hand, I strongly support the proposal for a new statement of reserves reflecting changes in the net worth of the company other than from new capital contributed. I would like to see that information on the profit-and-loss page in the accounts.

So far as the balance sheet is concerned, I am worried about some suggestions that it should become a statement of value. That could lead the profession back into the quagmire of current cost accounting. I would keep the balance sheet on a straightforward historic cost basis. Other information – relevant on such matters as the value of properties, or brands or infrastructure assets – should be provided separately.

John Roques is managing partner of Touche Ross.

PROFIT AND LOSS ACCOUNT

	Total £m	Continuing operations: As previously £m	Continuing operations: Acquisitions £m	Discontinued Operations £m
Turnover	750	550	25	175
Cost of sales	(600)	(415)	(20)	(165)
Gross profit	150	135	5	10
Distribution costs	(55)	(45)	(2)	(8)
Administrative expenses	(48)	(40)	(1)	(7)
	47	50	2	(5)
Profit on sale of fixed assets	2	2	0	0
Operating Profit	49	52	2	(5)
Exceptional item - Loss on disposal of discontinued operations	(5)			(5)
Net interest payable	(17)	(11)	0	(6)
Profit on ordinary activities after taxation	27	41	2	(18)
Taxation	(12)	(17)	(1)	8
Profit on ordinary activities after taxation	15	24	1	(10)
Minority interests	(2)	(1)		(1)
Profit before extraordinary items	13	23	1	(11)
Extraordinary items	(2)	(2)	0	0
Profit attributable to members of the company	11	21	1	(11)
Dividends	(9)			
Profit retained for the year	2			

This is the central part of the profit and loss account as it appears under last week's draft proposals from the Accounting Standards Board. This hypothetical example — taken from the ASB's document on the reporting of financial performance — illustrates how companies would have to disclose the proportion of income and expenditure coming fom continuing businesses and those sold during the course of the year.

ACCOUNTANCY APPOINTMENTS

JOHN DOYLE
GROUP PLC

Finance Director Designate

Herts **c£35,000 + Car**

Our client is a highly profitable group of companies involved in construction, general building and refurbishment, plant hire and capital sales. Turnover last year was in excess of £25 million with an increase to £30 million projected for 1991. Growth has been consistently outstanding during the last decade and has been achieved both organically and by acquisition. Continued organic growth is planned through the four core businesses.

In order to strengthen their financial and commercial expertise, the Group is seeking to appoint an ambitious, qualified accountant with strong communication and technical skills, and the ability to become an integral part of the Board and Management team. The successful candidate will report to and assist the Managing Director and will be responsible for all aspects of finance, administration, systems, reporting and control.

Prospective candidates must be qualified accountants, preferably graduate ACA/ACMA (aged 28-45) with a successful track record involving experience of managing a finance function in commerce and industry. Individuals with relevant sector experience gained within the construction industry will be of particular interest. Above all, candidates must be able to demonstrate energy and commitment together with the confidence and presence to command respect both within and outside the organisation.

In return the company offers a generous remuneration package, a committed yet sociable work environment and the scope for long term career advancement. Interested candidates should write enclosing a full curriculum vitae (including salary details and daytime telephone number) and quoting reference LN1661 to Gary Watson,
Regional Manager, Michael Page Finance, Centurion House, 136-142 London Road, St. Albans, Herts AL1 1SA.

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BACS provides an expanding Electronic Funds Transfer (EFT) service to our members, the major UK Financial Institutions and their corporate customers. Internal Audit is responsible to the Board within a high security organisation where the work of Internal Audit is accepted as a key factor in maintaining a secure and cost effective EFT service. This is a unique opportunity to join the largest Automated Clearing House (ACH) in Europe.

Senior Internal Auditor

c.£25,000 plus banking benefits

The Department has a high profile and staff are expected to deal competently with senior management. The work is both challenging and varied. Due to the continued expansion we are looking to recruit additional senior staff whose duties will include responsibility for major operational audits and also the review of large new systems (experience of ICL and Tandem mainframe systems very desirable) under development. The successful applicant will also be expected to contribute in a positive way to the continued development of the department.

We are looking for a minimum of 8 years' general internal auditing experience with at least 3 years' experience in the area of major Systems Development Life Cycle audits. You will have had demonstrable experience at a senior level either in the private sector or in central/local government. You will be a graduate of a university within the EEC and hold the qualification of the UK Institute of Internal Auditors (MIIA) or Chartered Institute of Management Accountants (CIMA). To fit into the existing team you should be in the age group of up to 40.

Excellent benefits include:

- **Non-contributory Pension and Life Assurance Scheme**
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- **Relocation Assistance • Over 5 weeks annual holiday**
- **Subsidised Staff Restaurant • Profit Sharing**
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For an application form, please contact Karen Wyatt on 081-951 7606 or write to her at: BACS Limited, Freepost, De Havilland Road, Edgware, Middlesex HA8 5BR.

BACS

Treasury Accountant

London

c£35,000 + Car + Substantial Banking Benefits

As one of the world's leading and most respected merchant banks, our client is at the forefront of international financial services.

Reporting to the Head of Treasury Accounting, this role carries responsibility for a small team engaged in the reporting and analysis of the bank's bullion and money market activities, including derivative products. There will be extensive contact with both dealers and operations staff, requiring a clear understanding of the accounting procedures and systems necessary for trading new instruments and the structuring of complex transactions.

Candidates, aged at least 30, will be graduate chartered accountants with previous experience within a well controlled banking environment. A mature approach together with excellent interpersonal and analytical skills are essential.

In addition to the base salary there is a particularly attractive bonus and benefits package.

Interested candidates should forward a comprehensive CV, quoting ref: 3501 to **Jonathan Samuelson ACA, Executive Selection Division,**
Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

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International Recruitment Consultants
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Nottingham Manchester Leeds Glasgow & Worldwide

Price Waterhouse
EXECUTIVE SELECTION

Financial Controller

c£30,000 + BMW 5 series + bonus **Weybridge**

With the backing of a large number of blue chip organisations, this dynamic young company is set to make a major impact in the electronic market place for the financial services industry. Recognising the need to establish a strong finance function at an early stage in its development, it seeks to recruit an ambitious and commercially minded accountant who, as the senior finance member of its management team, will play an active role in determining the strategy and future success of the company.

Responsible for implementing appropriate financial and management reporting systems, budgeting and forecasting procedures, you will also be expected to contribute at a strategic level and will have regular contact with Board members. This high profile and wide ranging role includes liaison with banks and other financial advisors, company secretarial duties and a variety of ad hoc tasks.

A qualified accountant with at least 2 years' post qualification experience, ideally in industry or commerce, you will be a competent user of PC based accounting systems and have played an active role in the budgeting and planning process. With drive, energy and a flexible approach to work, you will also possess the strong communication skills and maturity necessary to establish credibility quickly at a senior level.

Interested candidates should write, enclosing full CV and salary details and quoting reference B/1152, to
Susan Ryder
Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate, 1 Moor Lane
London EC2Y 9PB
Tel: 071-939 6343

INTERNATIONAL AUDIT

MSD MERCK SHARP & DOHME

Brussels Based

First Step to a Career in Financial Management

Merck & Co. Inc. is one of the world's leading health products companies. Renowned for its research and innovation in developing high quality products, Merck has been voted "America's Most Admired Corporation" by Fortune Surveys over the past 5 successive years.

The company's International Audit function, which covers Europe, Africa and Japan, is recognised as being a training ground for future Financial Managers within the region. The audit team comprises a young highly qualified team of Europeans and performs financial and operational audits throughout the region.

Following the promotion of an auditor to one of its European subsidiaries, the Audit Director is now seeking a qualified Accountant to join his team. The successful candidate, ideally aged between 24 and 28, will have either an industrial accounting background or experience gained within a major audit firm. Fluency in English is essential, while a good knowledge of a second European language would be advantageous.

A truly stimulating and fast track international career together with a tax effective remuneration package awaits the successful candidate.

Interested candidates should contact either John Archer at Robert Half Brussels, Avenue Louise 382, 1050 Brussels or Ingrid Flannery/Charles MacLeod at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Alternatively telephone them on (010 322) 647 63 50 (Brussels) or 071-836 3545 (London). Please quote reference JA/749.

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EUROPE'S BUSINESS NEWSPAPER

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RECRUITING ACCOUNTANTS IN TODAY'S JOB MARKET

A Practical Guide to Effective Recruitment

IN LONDON ON TUESDAY 30TH APRIL 1991 AT THE SAVOY HOTEL, STRAND, LONDON WC2.
7.00PM-9.00PM,
REFRESHMENTS FROM 6.30PM

IN BRISTOL ON THURSDAY 2ND MAY 1991 AT THE BRISTOL MOAT HOUSE HOTEL, VICTORIA STREET, BRISTOL.
6.30PM - 8.30PM,
REFRESHMENTS FROM 6.00PM

This seminar is designed specifically for finance managers who recruit once or twice a year and is aimed at eliminating costly recruitment errors. There is a logical, pragmatic way to enhance the chances of selecting the best person for any position.

If you have ever made a recruitment mistake consider the following points:

- Did you analyse the job properly to start with, and therefore attract appropriate candidates?
- Did you use your recruiting sources with due care: briefing contacts properly and eliminating inappropriate candidates?
- Did you fail during the interview to secure the relevant information on which to base a rational and intelligent decision?
- Did you check references? How?

The seminar covers the following points:

- ANALYSING THE JOB TO BE FILLED
- PREPARING THE JOB DESCRIPTION
- RECRUITMENT ADVERTISING
- EVALUATING THE CV
- THE INTERVIEW - PROBLEMS AND PITFALLS
- HOW TO ASSESS THE CANDIDATE
- REFERENCE CHECKING
- MAKING THE OFFER

Stephen Barraclough, Finance Executive, Marks & Spencer "Refreshingly clear overview that brings you back to the basics"

Carmel Ryan, Personnel Manager, Lyons Tetley "Very useful evening, even for Personnel"

Richard Piper, Director of Financial Services, Logica "Both entertaining and informative"

Ian Freeman, Financial Controller, Black & Decker "Very good, well expressed seminar which was definitely worth attending"

Jim Whitfield, Director of Financial Services British Steel plc "Time well spent, very useful refresher course. Excellent"

Peter Knight, Group Chief Accountant, Willis Corroon "Most impressed. I look forward to the next one"

If you wish to attend the Evening Seminar in London, please write to Rachelle Nelson at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 071-836 3545.

If you wish to attend the Evening Seminar in Bristol, please write to Jackie Brassington at Robert Half, Freepost, 33 Wine Street, Bristol BS1 2QX. Telephone: 0272-252572.

SENIOR MANAGEMENT ACCOUNTANT

Age Early 30's **c.£37,000, Car & Benefits**

Municipal Mutual, one of the United Kingdom's top ten general insurance companies seeks an experienced Accountant to join a newly formed team preparing to move from Central London to Farnborough, Hampshire in July 1991.

Reporting to the Assistant General Manager – Finance, you will be joining a new dynamic and highly motivated team, who have been tasked with developing the finance function's support of the operational management. You will take prime responsibility for monitoring actual performance against budget and plan and in providing day to day financial advice to regional and head office management.

You will be fully qualified and likely to be in the early 30's age range with technical skills derived from a background in active financial management, coupled with proven skills in explaining complex financial matters to operational management. An active team player with good inter-personal skills is required.

Remuneration will reflect the Company's status and a career opportunity with an initial basic salary in the region of £37,000 p.a., plus company car, non-contributory pension, private health and life assurance benefits.

Please write in strict confidence enclosing CV to our advising Consultant, *Andrew Blamey at Christopher Beale Associates, 10 Carteret Street, St. James's Park, London, SW1H 9DP*

MUNICIPAL MUTUAL

FINANCE DIRECTOR

Southern England **to £50,000 plus benefits**

This is a very well-established private company with extensive construction and property development interests covering the whole of the South of England. The company which designs, builds and renovates to award winning standards, has grown steadily, and future expansion plans include a further acquisition.

The Managing Director needs a Finance Director to bring commercial flair to the accounts department and to produce high quality management information for the Board. The position will support the Managing Director in the running of the company, and bring financial expertise to the strategic decision-making.

The successful candidate is likely to be a chartered accountant aged between 35-45 with several years' commercial or industrial experience, at least some of which will be in the construction industry. The Managing Director is looking for an assertive, clear-thinking individual who can demonstrate business acumen and success in a challenging environment. Interested candidates should send a curriculum vitae, quoting ref: 3202, to Vivienne Hines, Touche Ross Executive Selection, 5th Floor, 52-54 High Holborn, London WC1V 6RL.

Touche Ross
MANAGEMENT CONSULTANTS

Project Financing Manager

Major Industrial Group

City

c£37,000 plus excellent benefits

Our client, a 'top 100', capital intensive business, is implementing an ambitious, far reaching capital expenditure programme and a Senior Manager is now sought to assume control of medium/long term project finance proposals.

Reporting to the Group Treasurer, you will assist in the development, recommendation and arrangement of project, capital and term funding activities. Additionally, you will be involved in lease negotiation, the management of applications for government grants and the provision of Treasury input to ad hoc projects.

Probably in your 20's or 30's, you must demonstrate experience in project financing with an appreciation of the legal and taxation considerations in this area. Ideally, you will possess an accounting or treasury qualification; an MBA would also be an advantage.

For a strictly confidential discussion please telephone or write to **Richard Chandler or Geoffrey Mather quoting reference 1392, at FLA, 16 Old Bond Street, London, W1X 3DB. Tel: 071-491 3811.**

FLA
SEARCH, SELECTION AND CONSULTANCY SERVICES

GROUP FINANCIAL CONTROLLER

Age 35-42 **BRISTOL** **Package c.£50k**

Our client, *South Western Electricity plc*, is one of the country's 12 newly privatised Regional Electricity Companies and its licensed area covers the South West of England from Bristol to Land's End. With 1.2 million customers, 5,600 employees and a turnover exceeding £700 million, the Company is one of the South West's major plc's.

At such a time of dramatic change, reputations are to be won, strategies are to be implemented, and structures and systems are to be put in place. The Company intends to appoint a Group Financial Controller to substantially support the Finance Director in most of the key financial functions. The controllership function is the source of all financial information in the Company where the drive is for excellence in internal and external reporting.

A key pre-requisite is the ability to balance the Company's traditions of strong financial control with its intention to be known for the excellence of its service quality.

Candidates will be graduate Chartered Accountants who trained with a major international accounting firm. They will also have had relevant "hands-on" controllership experience in a UK plc. Experience of the Electricity Industry is not necessary; more important is an enthusiasm for playing a vital role in the conversion of the business into a thriving plc and an authentic belief that modern controllers can establish a unique vantage point from which to play a highly pro-active role in the improvement of profits and cashflow.

Please send your CV in application to: Adrian Wheale ACMA AGIS, Wheale Thomas Hodgins PLC, 9 Unity Street, College Green, Bristol BS1 5HH.

SWEB
SOUTH WESTERN ELECTRICITY plc

WHEALE THOMAS HODGINS PLC

GROUP FIN. CONTROLLER

Derbyshire c£33,000 + Car + Benefits

Our Client, a substantial and expanding energy based PLC, are seeking to recruit a Group Financial Controller to join their small Head Office team.

The role will include responsibility for reviewing divisional budgets, preparing consolidated group budgets, monitoring ongoing performance and analysing and highlighting variances. The successful candidate will work closely with divisional management to resolve problems and to capitalise on opportunities. Other tasks will involve the appraisal of capital expenditure and involvement in ad hoc projects, including business acquisitions.

Reporting to the Group Financial Director, the successful candidate will be a fully qualified Accountant with several years' experience of working in a sophisticated financial planning and control environment based in the corporate head office of a sizeable group of companies.

Candidates will have good communication skills with the ability to prepare and deliver highly professional presentations to senior management. Needless to say, they will have excellent financial analysis and PC skills, together with a sound business acumen and high degree of flexibility.

A generous compensation package is offered, with a good basic salary, executive car and other benefits.

Candidates should write in confidence, enclosing a comprehensive CV and quoting reference number N/094/91 to Jeff Allen.

KPMG Executive Selection

St Nicholas House, 31 Park Row, Nottingham, NG1 6FQ.

TREASURY PROFESSIONAL

MULTI-NATIONAL COMPANY

Amstrad has generated spectacular growth in recent years with the introduction of new and innovative products and by widening the market in which they are sold. A strong emphasis has always been placed on a policy of flexibility and speed of response which has played an important part in its success to date. The company is now an established multi-national company with a turnover of £600 million and 1000 employees.

A Treasury Professional is currently being sought who will be responsible for the centralised treasury function of the Group and managing all foreign exchange requirements. Other responsibilities will include management of short term cash positions, the day to day liaison with banks and forecasting longer term cash flows.

The position reports directly to the Group Finance Director and will be closely involved in setting treasury policy for the Group.

The successful candidate will be a professionally qualified accountant with experience in multi-national treasury management. Strong communication skills are essential for the individual to build a sound working relationship with banks and with the subsidiary and Group management.

The position commands a first class remuneration package, including company car and benefits.

Interested candidates should send in complete confidence a detailed curriculum vitae including current salary and daytime telephone number to:

Mr. Peter Thoms, Group Finance Director, Amstrad plc, Brentwood House, 169 Kings Road, Brentwood, Essex CM14 4EF.

AMSTRAD

FINANCE MANAGER

£30,000 - £35,000 plus benefits

Saga Holidays is part of the Saga Group of Companies, located in Folkestone. The Saga Group is the market leader in travel for the over 60's with markets in UK, USA and Australia.

Reporting to the Finance Director, the Finance Manager will play a key role in the running of the Finance Division as well as taking a pro-active role in providing financial reporting, budgeting and planning support to the customer led operating management.

Candidates must be qualified, have a good degree, commercially minded but with sound understanding and experience of financial controls and analyses. Personal qualities and communication skills are essential.

To apply please send full personal and career details including current salary to:
Mr Dinesh Upadhyaya, Finance Director, Saga Holidays Ltd.
The Saga Building, Middelburg Square, Folkestone, Kent CT20 1AZ

SAGA

FINANCIAL/ COMMERCIAL DIRECTOR

N. West c£35,000 + Car

Our Client is an autonomous subsidiary of a major plc manufacturing specialised industrial materials. An on-going commitment to research and development continues to keep the company at the leading edge of technology. With a current turnover of £16m and 250 employees, the business is growing and profitable.

The company wishes to appoint a commercially orientated Financial Director to head up the finance function as well as the I.T., Purchasing and Planning Departments. Working closely with the M.D. the Financial Director will play a pivotal role in the day-to-day running of the business and its strategic development.

Candidates should be qualified Accountants (ACA, ACMA, ACCA) with a proactive personality and real interest in manufacturing industry. A proven commercial track record is as important as technical ability and man-management/motivation skills are a prerequisite.

In return the company can offer a salary in the region of £35,000, a profit-related bonus scheme and company car. Relocation assistance may also be available if appropriate.

Please apply directly to Angela Wright at Robert Half, Freepost, Brook House, Spring Gardens, Manchester M2 8BA. Telephone: 061-236 0101, or evenings on 061-434 8429. Alternatively, fax your details on 061-236 1024.

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INVITE YOU TO A BUSINESS BREAKFAST

THE SELECTION INTERVIEW

- Getting It Wrong and Getting It Right

IN LONDON ON TUESDAY 14TH MAY 1991 AT THE SAVOY HOTEL, STRAND, LONDON WC2, 8.30AM-9.30AM

IN BIRMINGHAM ON TUESDAY 21ST MAY 1991 AT THE BIRMINGHAM BOTANICAL GARDENS, WESTBOURNE ROAD, EDGBASTON, 8.00AM - 9.15AM

This Breakfast is designed specifically for finance managers who recruit once or twice a year. The talks will be given by Professor Clive Fletcher of Goldsmiths' College, University of London, and will cover:

- Where and why interviews go wrong
- Good practice in selection interviewing
- New developments and advances in interview methods
- The interview from the candidate's perspective
- How valid is the interview compared to other assessment techniques?
- Who makes a good interviewer: selecting the selectors

Professor Clive Fletcher was for seven years a consultant psychologist in the Civil Service before moving to Goldsmiths' College, University of London, where he is currently Professor of Psychology. Professor Fletcher has been involved in research and teaching in the field of managerial assessment and appraisal for twenty years. He has written many articles and several books on assessment, including "How to Face the Interview." He is also on the editorial boards of several journals, including Personnel Management. Professor Fletcher's present research interests include the influence of candidate impression management tactics in interviews.

If you wish to attend the Business Breakfast in London, please write to Rachelle Nelson at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R OBR. Telephone: 071-836 3545.

If you wish to attend the Business Breakfast in Birmingham, please write to Elaine Shepherd at Robert Half, Freepost, BM2460, 63 Temple Row, Birmingham B2 4BR. Telephone: 021-643 1663.

Group Taxation Adviser — Plc

c£50,000 + quality car + executive benefits

North London

Our client is one of Britain's most successful blue chip engineering companies with substantial interests in North America. With a commitment to research and development, investment in advanced manufacturing processes and closely focused marketing, the company has maintained a strong record of progress through organic growth and acquisition.

Reporting to the Group Finance Director, the Group Taxation Adviser will have overall responsibility for the management and direction of UK and overseas tax planning and compliance. The role demands a comprehensive technical understanding of corporation tax, VAT and income tax in relation to benefits-in-kind and share options. A working knowledge of North American and principal European tax systems is essential, as is recent acquisitions experience within North America.

The successful candidate, aged late 30s to mid 40s, will have had a Revenue or accountancy training (Inspector FT/FCA/ATII) followed by a minimum of five years' industrial/commercial experience. A positive personality, he/she will be able to establish a rapport with management at all levels, and be capable of rationalising complex legislation to convey practical and persuasive advice.

In addition to an attractive remuneration package, full relocation support is available where appropriate.

CLARK WHITEHILL
Search and Selection

Please reply in confidence, quoting career history and current salary details, to David Kennedy or Jeff Adcock, Clark Whitehill Consultants Limited, 25 New Street Square, London, EC4A 3LN. Telephone 071 353 1577.

Financial Controller — South London

C £32,000 + car

Our client, part of a major PLC, is at the leading edge of the communications sector. To support rapid business growth, it has made a significant investment in restructuring its systems and financial disciplines and now wishes to appoint a Financial Controller responsive to the developing environment.

Reporting to the Finance Director and supported by a small team, he/she will be responsible for all aspects of financial control. A key task will be supervising the implementation of a recently introduced "Millenium" computer package of nominal, bought and sales ledgers. As a member of the corporate management team, the successful applicant will also direct the development and enhancement of MIS reporting, and assist in the evaluation of acquisition and new venture proposals.

Probably aged 27 +, a qualified accountant, preferably a graduate with marked leadership qualities, a flexible attitude to problem solving must be combined with commercial awareness and the perseverance and commitment necessary to translate decisions into action. Ideally experienced in the communications or services sector, and certainly PC literate, hands-on experience in a well developed computerised environment is essential.

This highly responsible role provides the opportunity to make a significant impact in a major group and offers excellent career prospects.

Please send a detailed CV quoting reference CD402 to: Executive 2000, Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM1 4LE.

EXECUTIVE 2000
SEARCH AND SELECTION

FINANCIAL/MANAGEMENT ACCOUNTANT

London West - Attached to a group placed among the top leaders in French and European transport companies, the English subsidiary - five offices in United Kingdom, more than sixty qualified employees - proposes a complete range of services in groupage, full loads/part loads, clearance/storage/distribution and fiscal representation. Working closely together with the managing director, this responsible role will include management accounting systems implementation : preparation of half yearly and statutory accounting, budgeting, capex monitoring, forecasting and systems review, supervision of staff including the responsibility of the computer department, day-to-day operation of the accounts department, monthly management report. You will be a qualified accountant or graduated from a business school and will have at least three years' working experience with an industrial or commercial company, as a financial accountant or controller. Please send a CV in full confidence to F. PHILIBERT reference A/3275FT - **PA Consulting Group - 78 bd du 11 novembre - 69626 VILLEURBANNE Cedex - France - Tél. 33.78.93.90.63.**

PA Consulting Group
Creating Business Advantage

DUBAI PORT AUTHORITY FINANCE DIRECTOR

The combining of the two major ports in Dubai into a single administrative entity has resulted in the establishment of a new appointment of Dubai Port Authority Finance Director.

The Finance Director will report directly to the Managing Director on all matters of finance and will create and control The Authority's financial policy under established guidelines.

This senior post requires an experienced person with an established international record of major financial management. A knowledge of marine and port management, Arabic and previous overseas experience would be considered an advantage. Salary is negotiable. Usual expatriate benefits including accommodation, medical, car and gratuity are available.

Written applications, including full CV, to Box H8444 Financial Times, One Southwark Bridge, London SE1 9HL

NOKIA

JOIN THE TEAM

The Finnish based Nokia Group is one of Europe's largest electronics groups with manufacturing and sales in most European countries.

The 1990 worldwide net sales were over 6 billion US dollars, with an average of 37'300 employees. The innovative product range covering colour TVs and monitors, microcomputers and terminal systems, mobile phones, digital telephone exchanges and telecommunications networks, cables and cable machines, car tyres and chemicals for the forest industry has earned us market leadership in many sectors.

Our Corporate Internal Audit, located in Geneva, now has openings for

INTERNAL AUDITORS

whose role is to plan and perform operational audits in the European and overseas affiliates.

The focus of this team effort is on systems efficiency and adequacy and effectiveness of internal management controls.

Our ideal candidates have a degree in

BUSINESS ADMINISTRATION

(lic. oec., HWV or equivalent)

and 2–3 years experience in either Internal or External Auditing

Personal characteristics:

Between 25–35 years of age and either a Swiss citizen or the holder of a valid work permit.

Conceptual, business oriented with the drive to succeed. Command of written and spoken English and good interpersonal skills are mandatory.

The auditors are expected to travel about 200 days per year. These positions offer a stimulating opportunity to develop your professional knowledge and are a training ground for further positions within the Nokia Group.

If you are interested in joining our team, please send your curriculum vitae quoting «reference Internal Auditor» to:

NOKIA SARL
(Consulting)
Mr. W. Kronenberg
20, Route de Pré-Bois
P.O. Box 615
CH-1215 Genève

NOKIA

TAX CO-ORDINATION MANAGER – EUROPE

◆ Motorola employs over 100,000 people worldwide ◆ $11 billion global sales ◆ A world leader in semi-conductors and communications products ◆ expanding European operation currently employing over 10,000 people in 28 companies ◆ Key Objectives: Total Customer Satisfaction – Quality – Intelligent Innovation

Slough, Berkshire

At our European Corporate Headquarters in Slough, we're now adding to the tax team with this new post which reports to the European Tax Manager.

This post brings responsibility for managing the European-wide compliance effort in response to local and US return requirements. The role also offers significant opportunities for participation, as a key team player, in the development of tax strategies which meet the challenges of our rapid growth in Europe.

We're looking for a qualified Accountant ideally with a degree, although other equivalent qualifications would be accepted. Fluency in English is essential and commercial fluency in another European language is desirable. You'll also need at least 5 years' post-qualification experience, international tax and commercial experience being a distinct advantage.

You can expect an attractive initial salary and benefits package which, with our determined commitment to the development of all our people, will yield long term real growth for the true contributor.

Please write to the European Tax Manager, enclosing a full c.v., at Motorola Corporate Offices, 110 Bath Road, Slough, Berkshire SL1 3SX, or fax to 0753 37420.

MOTOROLA

MANAGEMENT ACCOUNTANT

circa £24,000 pa plus car

Oxford

The company is a leading international publisher of scientific, technical and medical journals and major reference works; its prestigious list covers all the major fields in science and medicine. Now entering a major period of change, the company is looking for a Management Accountant who will be able to cope with the demands and challenges which this will entail.

Reporting to the Management Accounting Manager, you will be responsible for a team of six, some of whom are studying for accountancy qualifications. The Department makes extensive use of mainframe and micro computers in producing all monthly reports and forecasts. Your role is to ensure not only that all reports are accurate and provide the required information, but that they are timely and professionally presented. You will also have the opportunity to become involved with on-going reviews of departmental systems, policy and practice, where your creative input will be welcomed.

We are looking for a newly or recently qualified accountant with substantial spreadsheet experience, who has benefited from working within a large company. You should have the ability to work with and through others to influence them and be sensitive to their needs, whilst achieving your own objectives and deadlines.

Interested? Write in confidence quoting ref: 87633 to Ruth Isaacson giving full personal and career details stating clearly any companies to which you do not wish your application forwarded.

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69/71 Newington Causeway, London SE1 6BD

FINANCIAL CONTROLLER LONDON

C. £33,000 + CAR PROPERTY

Following a major reorganisation of its financial management systems this West End based property group comprising listed investment company, surveyors and valuers, and private companies seeks to appoint a financial controller who will report at board level and lead an existing accounts team.

You will be a qualified accountant, age 30-35, with previous experience in this sector. The role will require a comprehensive understanding of property management accounting, both for tenants and landlords, as well as a good knowledge of the financial accounting requirements of listed and private property companies.

Using an integrated accounting software system designed for property companies and managing agents, you will be responsible for the supervision and control of the accounts department, and the management and financial information produced by it.

Candidates with appropriate experience should apply with detailed CV in strict confidence to:
Julian Synett FCA c/o
David Lewis & Partners,
76 Gloucester Place, London W1H 4DQ

DIRECTOR OF FINANCE

Quoted Company - S.W. London

A.C.A./F.C.A. ONLY (35-40) — **Package to £55,000 Prestige Car**

Northamber is the UK's largest high volume wholesale I.T. distributor with fully computerised management information systems and an exceptional record of strong sustained growth.

The role encompasses all the normal financial controls with full responsibility for the continuing growth and ongoing improvement of the company's internal management systems. Additionally, the role will also involve active participation in the company's development strategy.

The successful candidate will be either an ACA or FCA and already possess and have proven a very high level of commercial awareness in addition to the usual expected skills. Some previous FMCG experience would be helpful.

Please reply to D. Michaels
Northamber plc, Lion Park Avenue, Chessington KT9 1ST
Fax: 081 391 4739 Tel: 081 397 3060

EUROPEAN ACCOUNTANT

U.S. Semiconductor firm seeks European Accountant for Brussels office. Responsibilities include financial reporting, expense & payroll review, collections, and consolidations. Requires: English, (French and/or German would be asset), univ. accounting degree, European accounting standards, and 3-5 yrs related experience. Please contact Mr. Schaldach at ALTERA, Ave de Beaulieu 25, B-1160 Brussels, sending c.v., availability and income history.

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FINANCIAL TIMES

REAL AND FULL BUSINESS INVOLVEMENT

Many advertisements claim the above. Our client can substantiate this claim through a role which demands a pro-active commercial input and creative innovation.

As Finance Manager of a £50m Unit within a profitable Division of a £billion turnover brand name you will enjoy the following responsibilities:

- reporting to the Branch Manager, you will provide overall financial direction and control through 10 staff
- a high profile role within the Branch Management team, influencing commercial decisions and strategic business plans
- a wider involvement within the Divisional Finance team and the opportunity to play a key role in important developments there.

As a young qualified Accountant (likely age 28-35 years old), your high level of financial integrity and technical ability is taken as read. The essential attributes which this opportunity demands include:

- an assertive, mature, but diplomatic presence which will command commercial respect both within the Branch Management team and up to Group Main Board level
- an innovative approach to business development and an ability to promote your own original ideas (as well as objectively evaluate those of other key personnel)
- a determination to progress within the organisation.

The position may be based in either Bristol or Middlesex, dependent on the candidate, who will travel regularly between the two.

If you are interested in this exceptional career opportunity you should write to Karen Wilson, Director, as soon as possible at FMS, 14 Cork Street, London W1X 1PF, enclosing a recent CV and note of current salary.

Bristol/Middx

£26-32,000 pa

+ Car

FMS

Financial Management Search and Selection Specialists

WWF-World Wide Fund for Nature is helping people to become more aware of the urgent need to protect the natural environment. The management of available resources in the pursuit of the conservation mission must be as effective and economical as possible and WWF UK wishes to strengthen its central Directorate by appointing a

DIRECTOR OF FINANCE AND SERVICES

Up to £42,000 plus car. Surrey based.

The successful applicant will bring strategic direction to the management of financial affairs, information and database systems, and the administration of property and equipment. Day-to-day management of these areas is handled very well by existing staff. The Director will be expected to meet additional challenges which will include:

- fully utilising the tax advantages relating to charity status
- ensuring that innovations in information and database technology are appropriately utilized.

Candidates must have an accounting qualification, substantial senior management experience and the ability to motivate people in a variety of functions. A full understanding of taxation (particularly in application to charities), and the ability to take advantage of developments in the information and technology field are essential.

Remuneration will include a salary of up to £42,000, car, individual pension, and accident and health insurance.

Please write with a full CV to Bianca Coulter, Haymarket Consultants, Pepys House, 12 Buckingham Street, London WC2N 6DF. Response will be treated in strictest confidence. Closing date: 3rd May 1991.

WWF

HAYMARKET consultants

A specialist division of Korn/Ferry International

THE GUY'S AND LEWISHAM TRUST

Guy's Hospital

Director of Finance

Salary and Benefits negotiable

This is an exciting opportunity to make a major contribution to this large prestigious London Teaching Hospital, which has an annual income of £62 million and over 3000 staff. As part of one of the first NHS Hospital Trusts, Guy's intends to develop, maintain and enhance the provision of local and specialist services to health care purchasers across the country. ■

We are looking for a qualified accountant of outstanding calibre. As a full member of the Hospital Clinical Management Board and reporting to the General Manager you will be responsible for the overall finances of the Hospital and must demonstrate a flexible approach to financial management in a devolved setting. Operating in a complex and rapidly changing service environment and working closely with the Trust Finance Director, you will also take an active role in developing the Trust corporate financial environment. ■

For an informal discussion please contact Karen Caines, Guy's General Manager on 071-955 4164 or Peter Burroughs, Trust Finance Director on 071-955 4846. ■

For application details please contact Yvonne McIver, Acting Director of Personnel, Guy's Hospital, St Thomas Street, London, SE1 9RT. Telephone 071-955 5000 ext 5044. *Closing date: 3 May 1991.* ■

Aiming to be an equal opportunities employer.

FINANCE DIRECTOR

BUCKS

C. 30,000 plus Substantial Bonus & Car

Our clients are leading manufacturers, part of a major international group.Operating from multi site situations they employ 750 staff and have annual turnover of £25 million. Commitment to future growth creates a significant opportunity for a Finance Director.

Reporting directly to the Managing Director you will contribute significantly to the company's overall management and profitable development to include improvement of productivity and efficiency within a department of approximately 15 staff.

This position will appeal to an experienced, qualified accountant (aged 30-50)with commercial acumen. Previous experience should preferably have been gained in engineering manufacturing using computer systems,whilst handling profit improvement programmes.

An attractive package will be negotiated to include car and Private Pension Plan. (A substantial bonus will also be paid relative to profit performance).

Write in confidence with full C V indicating current salary to:
Peter P Powell, Director, CBR Executive Selection,
63 Foregate Street,Worcester WR1 1DX

CBR GROUP Executive Selection

Finance Secretary

Age 40-55 Mill Hill £25

- *Cottage Homes is a long established charity with income approaching £3m providing care on three estates for over 500 residents from the clothing and allied trades.*
- *Supervising a small department, the Finance Secretary will have responsibility for the efficient operation of the finance function, provide the Executive Committee with financial support and act as Deputy to the Chief Executive.*
- *This opportunity will appeal to qualified accountants familiar with computerised systems who can operate with a hands-on style and undertake a broad range of responsibilities.*
- ***Please send career and personal details to Carrie Andrews quoting ref CA 326 at Ernst & Young Corporate Resources, 21 Conduit Street, London W1R 9TB.***

FINANCIAL CONTROLLER

c£30,000 + car S.W. Essex

With sales of £10 million plus, this wholly owned subsidiary of a major Plc provide precision engineering services to 'blue chip' manufacturing organisations.

Reporting to the Managing Director and responsible for all aspects of financial management and administration, the challenge will be to plan and implement systems and controls needed for further expansion of the Company.

Call John Brooks on 081-989 8342 or send your CV to: PSN Associates, 11 High Street, Wanstead, London E11 2AA.

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